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Russia Force Renews Move On Capital In Chechnya

Moscow Rejects Offer By Rebel Leader to Hold Peace Talks in Grozny

By Steven Erlanger
New York Times Service

MOSCOW — Russian troops were reported to be moving toward the outskirts of the capital of the breakaway Chechen republic against strong resistance late Sunday night, according to the Itar-Tass news agency. But there was no indication that an assault on the capital, Grozny, had begun.

[Russian warplanes bombed the rebel Chechen capital early Monday near the city's main television tower, Reuters reported from Grozny. A Reuters reporter said the bombs appeared to fall closer to the city center than in any previous air raids in the Chechnya crisis, blowing doors open and rattling windows.]

The troop movements came after an aide to President Boris N. Yeltsin of Russia rejected an evening offer from the Chechen president, Dzhokar M. Dudayev, to talk to a Russian envoy in Grozny.

"There will be no more answers to Dzhokar Dudayev's telegrams," the official of the presidential press service told Itar-Tass. He said the Dudayev telegram was not an answer to Mr. Yeltsin's message earlier Sunday urging the Chechen leader to agree, "without delay," to talks with two senior Russian officials in the nearby North Ossetian town of Mozdok.

But Sunday night in Grozny, at a news conference, Mr. Dudayev said he would discuss the status of Chechnya, which declared independence three years ago, only with Mr. Yeltsin or his prime minister, Viktor S. Chernomyrdin.

Mr. Yeltsin's spokesman, Vyacheslav Kostikov, described the offer as "yet another gesture of goodwill with a view to ensuring a political settlement of the situation in the Chechen republic."

The Yeltsin telegram was a response to Mr. Dudayev's successful effort late Saturday night to forestall a Russian operation against Grozny by offering to negotiate in person, and without conditions.

But the stress in Mr. Yeltsin's telegram was on "today," and Mr. Kostikov repeated that Russia's requirements remained

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A father and daughter escaping grenade fire Sunday in Sarajevo, hours before Jimmy Carter arrived. Sources said the shots probably came from Bosnian Serbs.

Carter, in Bosnia, Stresses His 'Limited Role'

By John Pomfret
Washington Post Service

SARAJEVO, Bosnia-Herzegovina — Former President Jimmy Carter arrived here Sunday night and immediately downplayed hopes that his dramatic mission to Bosnia could result in a tide to end Europe's worst conflict since World War II.

Amid reports from United Nations and Bosnian Army sources that rebel Serbs have broken a pledge made to the Americans by taking a key Muslim-held town in northwestern Bosnia, Mr. Carter waded into the Balkan morass, telling reporters he had a "limited role to play here."

The contrast of the start of another peace mission with

word that the town of Velika Kladusa had fallen could not have summed up better the pitfalls faced by a former president with limited experience in this part of the world.

"What I'd like to do obviously is to understand the situation and contribute to some alleviation of tension," Mr. Carter said in a cautious statement upon arrival in a UN plane at Sarajevo airport.

Other goals included a re-opened airport, free passage for UN aid convoys, the release of UN personnel whose freedom of movement is still restricted by the Serbs, cease-fire and "some attention given to protecting human rights" — all points that the leader of the Bosnian Serbs, Radovan Karadzic, the man who instigated the visit, had promised to fulfill before Mr. Carter's arrival.

Asked if thus he hadn't been too hasty in coming to Sarajevo, Mr. Carter replied, "I don't want to comment on the specifics." He added, "I think I've received enough assurances."

Mr. Carter will meet Mr. Karadzic on Monday. The former president's minimalist goals belied the international attention focused on his mission and his past record as an arbiter of skill, stubbornness and independence in Angola, Haiti and North Korea. They also did not answer the question asked by officials of the Clinton administration: whether the Clinton administration was not using the mission as a way to renege on its commitments to Sarajevo and force it to

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U.S. Pilot Dies In Downing Of Aircraft In North Korea

Pentagon Denies Spying And Seeks Release of Second, Uninjured Flier

By Steven Greenhouse
New York Times Service

WASHINGTON — The White House announced Sunday that the pilot of a United States Army helicopter that was shot down or forced down in North Korea was killed in the incident, while the second pilot was alive and unharmed.

"This tragic loss of life was unnecessary," President Bill Clinton said in a statement, which took a tougher tone toward North Korea than when American officials first learned of the incident late Friday.

Mr. Clinton said his primary concern was the return of the body of Chief Warrant Officer David Hilemon and the release of the other pilot, Chief Warrant Officer Bobby Hall.

North Korea has insisted that the unarmed two-seat OH-58 Kiowa helicopter was on a spying mission 5 to 8 kilometers (3 to 5 miles) into its territory, but Pentagon officials maintain that the two pilots strayed during a routine training mission.

Pentagon officials said Sunday that they remained unsure whether the helicopter was shot down, forced down or perhaps had mechanical difficulties.

Defense Secretary William J. Perry said he wanted to know how the army scout helicopter had gotten so far north of the Demilitarized Zone.

"The Defense Department has launched a full investigation of the circumstances that led to this tragic loss on a routine training flight," Mr. Perry said in a statement. "Results will be reported as this investigation reaches its conclusion."

Some American officials voiced frustration with how North Korea has handled the incident, saying it has been slow to make information available. They wonder why Pyongyang at first said the two pilots were being held for questioning.

In its initial comments, the Clinton administration was eager to resolve the incident and get the pilots released so the two countries could concentrate on the sensitive task of carrying out their month-old nuclear agreement.

But with the news of Warrant Officer Hilemon's death, administration officials acknowledged that they had a considerably more serious incident on their hands.

Mr. Clinton said he had asked Representative William B. Richardson, Democrat of New Mexico, to extend his stay in North Korea to help resolve the crisis. Mr. Richardson arrived in North Korea early

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Republicans Say Spending Cuts Come First

By Clay Chandler
Washington Post Service

WASHINGTON — Congressional Republicans vowed on Sunday to push for cuts in government spending before enacting their ambitious proposals for lowering taxes, and they signaled that some of the tax reduction measures in the Republican "Contract With America" might have to be scaled back.

Appearing together on the NBC News program "Meet the Press," prospective leaders of the four congressional panels responsible for tax and spending legislation — Bob Packwood of Oregon, of the Senate Finance Committee; Pete V. Domenici of New Mexico, of the Senate Budget Committee; Bill Archer of Texas, of the House Ways and Means Committee, and John R. Kasich of Ohio, of the House Budget Committee — promised not to approve any tax cuts until Congress had agreed on compensating spending reductions.

"We're not going to say, 'We're going to give you the goodies today, and we'll pay for them tomorrow,'" said Mr. Kasich, one of the most ardent champions of the compact, which pledges a host of tax breaks for groups ranging from families to investors, married couples to big corporations.

"I'm not even going to consider what tax cuts we're going to do until I see spending cuts that will match them," echoed Mr. Packwood.

Recalling how Congress ran up prodigious deficits in the early 1980s by adopting the tax cuts proposed by Ronald Reagan, then disregarding his recommendations to scale back government programs, Mr. Packwood said, "I just don't want to see us once again send out tax cuts with a lick and a promise and a hope that spending cuts are coming later."

Republicans have yet to outline their legislative strategy for tackling spending cuts first, but Mr. Kasich and the House Republican leader, Richard K. Armey, suggested that House Republicans plan to do so through the creation of a "tax relief savings account."

"We will bank the money in January
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A U.S. soldier handing out nuts to Belgian youngsters in Bastogne in remembrance of the word a U.S. general used to answer German demands that he surrender to an onrushing Nazi force during the Battle of the Bulge 50 years ago.

'We Can Still Lose War'

Remembering Battle of the Bulge

By Rick Atkinson
Washington Post Service

BASTOGNE, Belgium — They are old men now, all of them, and their memories after half a century are distilled to essences, to something pure and remote and terrible.

They remember the snow, the cold, the rush of artillery in the early morning darkness. They remember fear, hunger, confusion. They remember the dead, and they want you to remember the dead, too: how those who fell assumed a deep charred color because blood in the capillaries beneath the skin froze so quickly.

Fifty years ago this week the U.S. Army stumbled badly for the only time in its crusade to liberate Europe from Nazi Germany. Among the relentless procession of 50th anniversaries recalling World War II events in Europe, the Battle of the Bulge commemoration is the bitterest.

By underestimating the German ca-

capacity to counterpunch, in what an official account calls "one of the worst intelligence failures in the history of the U.S. Army," the Americans would pay a horrific price: 81,000 casualties, including more than 19,000 dead. The German attack was so disheartening that Lieutenant General George S. Patton Jr., not known for his faint-heartedness, confided to his diary, "We can still lose this war."

The army bent but did not break; the German onslaught bowed back the Allied line along an 85-mile front. Fighting swept across 2,000 square miles of Belgium and Luxembourg. Some villages changed hands four times. In scope, intensity and duration, it was the single greatest battle the U.S. Army fought in the war.

And in the end, the Bulge broke the back of German resistance, opening an unremitting assault on Fortress Deutsch-

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Ruling Family and the Economy Fuel a Simmering Saudi Discontent

By John Lancaster
Washington Post Service

RIYADH — A journalist gripes about having to send his children to private schools because public classrooms are so crowded. A government doctor frets about shortages of painkillers and preferential treatment for patients with ties to the Saudi royal family. A successful engineer wonders why he still lacks a private phone four years after he applied for one.

As the oil bonanza fades and the economy contracts, such middle-class grievances are piling up in

Saudi Arabia, strengthening the hand of Islamic fundamentalists opposed to the ruling Saud family.

The signs of middle-class unrest have evoked memories of pre-revolution Iran: Saudi diplomats defect, internal protests lead to arrests and a well-financed group of fundamentalist exiles launches anti-government broadsides that strike a chord even with Westernized liberals inside the kingdom.

But divining the true extent of the unrest — and the threat it poses to the Saudi regime — has been next to impossible in a closed society whose leadership rarely grants visas to Western journalists. In

recent weeks, the Saudi government has opened the country's doors to a trickle of Western reporters, hoping to counteract forecasts of economic and social chaos emanating from dissidents living abroad.

Conversations over 12 days in the kingdom this month with Saudi businessmen, academics and professionals — including some with ties to the London-based exiles — suggested that the comparison with Iran is premature. Even sharp critics of the ruling family say their wish is reform, not revolution, invoking the Koranic injunction against disorder.

At the same time, the dissidents' message has resonated with ordinary Saudis, many of whom are fed up with what they perceive as the royal family's corruption and lavish, state-subsidized lifestyle — and get illicit pleasure from seeing it publicly attacked. Anger at the United States, a staunch ally of the monarchy, also is common.

During a crackdown in September, the government jailed two prominent Muslim clerics linked to the dissident movement, but illegal tapes of their

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Airline Safety: It's Getting Complicated Very Fast

By Adam Bryant
New York Times Service

NEW YORK — When Transportation Secretary Federico F. Peña meets next month with hundreds of airline employees and other aviation experts, a basic ques-

tion will be on the table: What is being done to improve airline safety?

The question is rarely raised in so public a forum. But it has been some time since travelers have had so much cause to ask.

So with the growing unease about flying, heightened after an American Eagle plane crashed near Raleigh, North Carolina, last Tuesday — the nation's fifth fatal crash of an airliner this year — public pressure may have prompted the call for broad answers on reducing accidents.

The meeting will be of interest to a growing number of travelers in part because transportation choices are shrinking. Amtrak has said it will eliminate some rail routes altogether, and the financially beleaguered Greyhound, the only remaining bus company offering nationwide service,

has cut back its network in recent years. What is more, the public's confidence in commercial aviation may erode if current trends continue: With airline traffic expected to grow about 5 percent a year for the foreseeable future, Boeing Co. has projected that the number of jet crashes worldwide might more than double, to one a week by 2010, if the average accident rate over the last several years — measured by fatalities per million miles flown — holds steady.

U.S. airlines are the world's safest form of mass transportation, with the huge majority of the more than 7.2 million flights a

year completed uneventfully. But people who build, fly and regulate planes recognize that travelers demand perfectly safe transportation, a standard that is impossible to achieve or even approach with quick fixes every time a plane crashes.

The solutions are getting more complicated as the industry moves beyond what some people call the "flashing light in the cockpit" era — those decades in which most problems were solved by building backup and warning systems.

For example, although wind shear is suspected as a cause of a USAir crash earlier this year in Charlotte, North Carolina, that was the first time it had been a factor in a jet crash anywhere in the world since 1987, when shear warning systems

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Kiosk

2d Blast Rocks Danish Capital

COPENHAGEN (APF) — Copenhagen was rocked Sunday by its second bomb blast in 24 hours but the device caused only slight damage and there were no casualties, police said. The device went off at 9:48 P.M. in an almost deserted garden behind the Parliament building.

On Saturday, another bomb went off in the city's center, shattering hundreds of windows and damaging cars but without causing injuries. It had been placed opposite a residential block.

Berlusconi an Aggrieved Star?

Media-Adept Leader Personalizes Politics

By Alan Cowell
New York Times Service

ROME — Silvio Berlusconi, Italy's billionaire prime minister, made much of his money by offering soap operas and game shows and high-kick dancers on commercial television stations that drew almost half the country's viewers.

For a man who won power in part by deploying his vast corporate resources in advertising and television, the unraveling of his political fortunes has seemed an extraordinarily unscripted spectacle.

Last week he was summoned before investigating magistrates in Milan to face seven hours of interrogation about suspected corruption at Fininvest, his vast business empire, an allegation he denies.

Sworn into office in May, he now faces a confidence debate in Parliament on Wednesday with a crucial coalition ally openly threatening to desert him. A vote on the motion is expected on Thursday.

Perhaps most striking of all is the sense that Mr. Berlusconi, a 58-year-old media tycoon who entered politics only last January, has personalized the political fray to the extent that he stands virtually alone at center stage, equating his own survival with the national interest. Sometimes he sounds like an aggrieved movie star — undermined by the studio, beloved by the fans.

Calling the charges against him a conspiracy, Mr. Berlusconi said the other day that it was "so vast that it can be compared to a coup d'état," and was not just against himself but "the credibility of a new political process, which has won the approval of the popular vote."

As he faces the confidence vote in Parliament, Mr. Berlusconi's future is so much in doubt that both Chancellor Helmut Kohl of Germany and Prime Minister John Major of Britain have declined to set firm dates in early 1995 for planned one-on-one meetings with him. And at home, as government

officials and politicians become ever more enmeshed in the politics of survival rather than na-

NEWS ANALYSIS

tional management, the Italian leader faces a long list of woes:

- The 1995 cost-saving budget, watered down under union pressure, is under fire from Italian business and the International Monetary Fund.

Italian Judge Deals Directly With Journalist

Agence France-Presse

BERGAMO, Italy — Antonio Di Pietro, the crusading magistrate who abruptly resigned two weeks ago, lost his cool and hit a journalist at his wedding reception in Curno, near here, Italian papers reported Sunday.

Around 40 people had been invited to the private reception Saturday night, a day after Mr. Di Pietro was married to his longtime companion, Susanna Mazzoleni. During the evening, he sped away in his car. A short distance away he pulled up next to another car where a reporter for the Italian news agency ANSA was writing his report.

The judge grabbed the journalist, pushed him against the car, head-butted, punched and slapped him, then seized the man's camera and tore out the film, while haranguing other journalists in the full view of the policemen who had been put on duty for his protection, reports said.

A woman, believed to be one of the guests, intervened and persuaded him to go home.

• Justice Minister Alfredo Biondi is locked in a dispute with the Milan magistrates over their investigations into Italy's bribery scandals and the Mafia.

• Mr. Berlusconi's various companies face a battery of corruption inquiries that may yet land him in court.

• The coalition he heads in Parliament is under threat from one of its members, the Northern League, whose leader, Umberto Bossi, has made the challenge to Mr. Berlusconi as personal as the prime minister has taken it to be.

But, in many ways, it is symptomatic of Mr. Berlusconi's style of leadership that there are few in his entourage whom he can blame for his troubles.

From the start, his Forza Italia movement was established as a loosely organized marketing vehicle for the election of Mr. Berlusconi rather than the kind of structured political party Italians are used to.

His closest advisers are the same people who formed his inner circle in business. His personal lawyer, Cesare Previti, is now defense minister; a longtime business associate, Gianni Letta, is the top-ranking official in the cabinet office; the government spokesman, Giuliano Ferrara, made his name as a talk-show host on one of Mr. Berlusconi's commercial television channels.

As he watches the crisis unfolding around him, Mr. Berlusconi seems to feel that if anything will pull him through, it will be the force of his personality.

He personally would not have problems resigning, he seemed to say in a recent interview with Panorama magazine, which he also owns. But he had to think of all the voters who wanted him to stay on.

"You must not forget that this coalition was formed around the initiative of a leader who has a first name and a surname and who has won the confidence of the electors," he said.



A SNOW DROUGHT — Snow cannons working at the French resort of Courchevel to allow skiers to get to the bottom of the mountain, where there is no snow.

Transportation Head Rebuffs Critics, But He Steps Up Air Safety Inspection

The Associated Press

WASHINGTON — Transportation Secretary Federico F. Peña said Sunday that the Federal Aviation Administration

had stepped up its inspection of all U.S. airlines, both commuter and larger airlines, because of concerns about safety.

Both Mr. Peña and the head

of the Federal Aviation Administration, David Hinson, emphasized that they considered it safe to fly despite recent crashes that have disrupted travel.

Mr. Peña rejected criticism that his department, which includes the FAA, has been sluggish in regulating air safety. The FAA has been accused of slowness in implementing proposed regulations from the National Transportation Safety Board, which investigates air crashes.

The board, for example, urged shortly after the Oct. 31 American Eagle crash near Roselawn, Indiana, that ATR aircraft be grounded in icy weather conditions. Although the FAA imposed some new requirements, it did not ground the aircraft in icy conditions until more than a month later.

But Mr. Peña said the agency was aggressively monitoring the airlines. He cited the suspension of 42 daily flights last Thursday by Kiwi International Airlines after the FAA raised questions about the carrier's pilot training.

Mr. Hinson said Sunday that he considered the recent commuter accidents, as well as the crash Sept. 8 near Pittsburgh of a USAir jetliner that killed 132 people, as "random" events.

"We find no connection between them whatsoever," he said. He also said "there is hardly any statistical difference" in the accident rates of the commuters (0.4 per 100,000 departures) and the larger airlines (0.3 per 100,000).

The FAA earlier this month announced that it would require commuter airlines to comply with stricter pilot training and operating requirements more in line with those already imposed on larger air carriers.

Mr. Peña said that the tougher safety standards for commuter airlines are expected to be issued by the FAA within 100 days, but some of the final rules may not go into effect until the end of 1995.

"The American people expect and deserve the highest level of safety in our airline system," Mr. Peña said in a television interview. He added that he frequently uses commercial air transportation.

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INSTRUMENTS FOR PROFESSIONALS

WORLD BRIEFS

German Rightists Oust Party Chief

SINDELFINGEN, Germany (Reuters) — Germany's leading far-right party, the Republicans, faced an uncertain future on Sunday after driving out its charismatic leader for seeking a national alliance with extremists.

The party leader, Franz Schönhuber, declined to stand for reelection as chairman at a weekend convention after being ousted in a party revolt. As his successor, delegates elected Rolf Schlierer, 39, a lawyer who heads the party's bloc in the legislature of Baden-Württemberg state.

Mr. Schlierer pledged to steer away from cooperation with groups farther to the right, like the alliance that Mr. Schönhuber had sought. But it is unclear what course the Republicans will follow to overcome the loss of Mr. Schönhuber, their only national figure, and reverse a sharp decline in popularity and votes.

Iran Mission Denies Funding Hamas

AMMAN, Jordan (Reuters) — Iran's embassy in Jordan denied on Sunday allegations in a U.S. congressional report that it could be acting as a conduit for funds for the Islamic Resistance Movement, or Hamas, Israel's bitter foe.

"It has no relationship with any Jordanian or Palestinian party or group, including Hamas," the embassy said of itself. "The embassy categorically denies these lies and allegations."

The mission said in a statement that its main priority was to expand "brotherly ties with the Hashemite Kingdom of Jordan."

Japan Figure Wary of North Korea

TOKYO (AP) — Ichiro Ozawa, leader of a new opposition party, said Sunday that Japan should not join a U.S.-South Korean plan to give North Korea new nuclear plants until it removes all doubts that it is developing nuclear arms.

Japan and South Korea had been expected to be the main donors of the \$4 billion needed to give North Korea two modern power plants that would produce less potential bomb-making material than the North's current equipment.

Mr. Ozawa, secretary-general of the New Frontier Party, the second biggest in Parliament, said on Japanese television that Japan should not spend a huge amount of taxpayers' money unless suspicions of North Korea are completely removed. He said the current agreement contains some ambiguous parts.

Separate Strikes Paralyze Karachi

KARACHI, Pakistan (Reuters) — Strikes called separately by a militant Sunni Muslim group and a transport union paralyzed Karachi on Sunday, and eight people were killed in continuing violence.

All major business centers and markets in the country's commercial capital of 10 to 12 million people remained shut and many people stayed indoors fearing violence during the strike called by the Sipah-e-Sahaba Pakistan Sunni group. It is locked in a violent feud with Tehrik-e-Jafria Pakistan, a militant Shiite Muslim group.

The Sunni Muslim strike, to protest the killing of eight people in a Sunni mosque on Dec. 7, coincided with a strike by the Karachi Transport Union union, angered by a spate of arson attacks on public transport. Ethnic, sectarian and political violence has claimed at least 135 lives in Karachi this month.

Cubans Still Believe in Revolution

MIAMI (Reuters) — A majority of Cubans believe the 1959 revolution that brought Fidel Castro to power yielded more successes than failures, according to a poll issued Sunday.

The poll also said that many Cubans were deeply concerned about the country's economic problems and blamed them on a U.S. embargo rather than their Communist country's political system. Thirty-one percent of respondents listed the U.S. embargo as the most serious problem facing Cuba, with 25 percent citing a lack of food and 17 percent the economy in general. Three percent cited the political situation.

The poll designed by The Miami Herald newspaper in Florida and CID/Gallup, the Costa Rican affiliate of the Gallup polling organization, was conducted in November by 14 Central Americans. They canvassed 1,002 Cubans in 75 percent of the country, the Herald said. While it warned that some respondents might have answered the poll questions dishonestly, Havana gave permission for the poll if there were no questions about "personalities," like Mr. Castro.

TRAVEL UPDATE

No Cruise for Some QE2 Passengers

LONDON (Reuters) — Angry passengers turned away at the last moment from a Christmas cruise aboard the luxury British liner QE2 formed an action group on Sunday to sue the owners, Cunard.

They were enraged after turning up to be told that plumbing had not been completed in time in 100 cabins after a £30 million (\$47 million) refit. The ship sailed Saturday from Southampton to New York.

A British lawyer, David Steane, said: "Cunard must have known the boat would not be ready and they should have told us last week instead of just a few hours before she left. My wife and children are absolutely devastated. We have been looking forward to this holiday all year," he said. He added he was forming an action group and dozens of passengers had joined.

An Egyptian highway project near the Pyramids will continue to be monitored closely by the United Nations' World Heritage Committee to ensure that Cairo keeps the road away from the Pyramids, a Unesco official said Sunday in Bangkok. The official said Egypt had assured the committee that the Pyramids would not be threatened. (AFP)

Belgian roads may be blocked from midnight Thursday by truck drivers and road freight operators who have threatened to act if their demands for tax rebates are not met, the Belga news agency said on Sunday. (Reuters)

In Kenya, thousands of travelers were stranded this weekend when the long-neglected road linking the Indian Ocean resort of Mombasa with the capital, Nairobi, became impassable after heavy rains. Newspapers said thousands of passengers traveling to or from Mombasa were unable to complete their journeys on Saturday after trucks overturned and blocked the narrow road while trying to avoid potholes. (AFP)

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

WEDNESDAY: Malawi.

FRIDAY: Guatemala, Japan, New Zealand.

SATURDAY: Austria, Brazil, Bulgaria, Canada, Czech Republic, Denmark, Finland, France, Germany, Guatemala, Iceland, Italy, Liechtenstein, Macao, Mexico, Monaco, Norway, Panama, Portugal, Slovakia, Sweden, Switzerland, Vatican City, Zaire.

Sources: J.P. Morgan, Reuters.

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Bullets Hit The White House for A 2d Time

By Toni Locy and Rajiv Chandrasekaran
Washington Post Service

WASHINGTON — For the second time in two months, shots have been fired toward the White House, according to the Secret Service.

Four 9mm bullets were found on the grounds Saturday, including, sources said, one on a first-floor balcony below the president's family quarters and another that penetrated a window of the State Dining Room on the first floor.

No one was injured, and authorities had neither suspects nor an explanation.

"We just don't know if it was an unrelated incident or if it was directed at the White House," said Eric Harnischfeger, a Secret Service spokesman.

President Bill Clinton, his wife and daughter were home but were not disturbed or endangered by the shooting, the Secret Service said.

At 2:05 A.M., members of the service's uniformed division reported hearing four to six shots fired near the White House from the direction of the Ellipse, just south of the White House grounds. Investigators later found the bullets. The other two were found on a roadway near the South Portico and near a tree on the lawn.

It was the third recent breach of White House security. On Oct. 29, Francisco M. Duran, 26, of Colorado, was arrested after authorities said he fired at the White House with a semi-automatic rifle from Pennsylvania Avenue. He was charged with attempted assassination after co-workers told the FBI he had said he wanted to "take out" the president.

On Sept. 12, Frank E. Corder, 38, of Perry Point, Maryland, crashed a small plane onto the South Lawn of the White House and skidded into the west side of the mansion. He was killed in the crash.

White House officials Saturday played down the latest incident and said it would not interrupt Mr. Clinton's schedule.

"We are letting the Secret Service handle it and frankly, we're trying to diminish its impact," a senior official said. "The more we react to isolated incidents like this, the more we might have."

Mr. Harnischfeger said investigators had not found any shell casings, normally ejected from most automatic and semi-automatic weapons as bullets are fired. Ballistics tests were being conducted on the recovered bullets to determine what kind of weapon was used.

Ammunition this size can be fired from handguns, shoulder-strap weapons such as an Uzi and from some rifles, ballistics experts said. The kind of weapon determines how far a bullet will travel — and some can travel miles.

Once investigators identify the type of weapon, they will have a better chance of figuring out where the shots came from, Mr. Harnischfeger said. Shortly after the shooting, Secret Service agents, U.S. Park Police officers and District of Columbia policemen questioned several homeless people who frequent the Ellipse.

Fourth Patient Of U.S. Dentist Is Dead of AIDS

STUART, Florida — A fourth patient believed to have been infected with AIDS by a Florida dentist has died of the disease, a spokeswoman said Sunday.

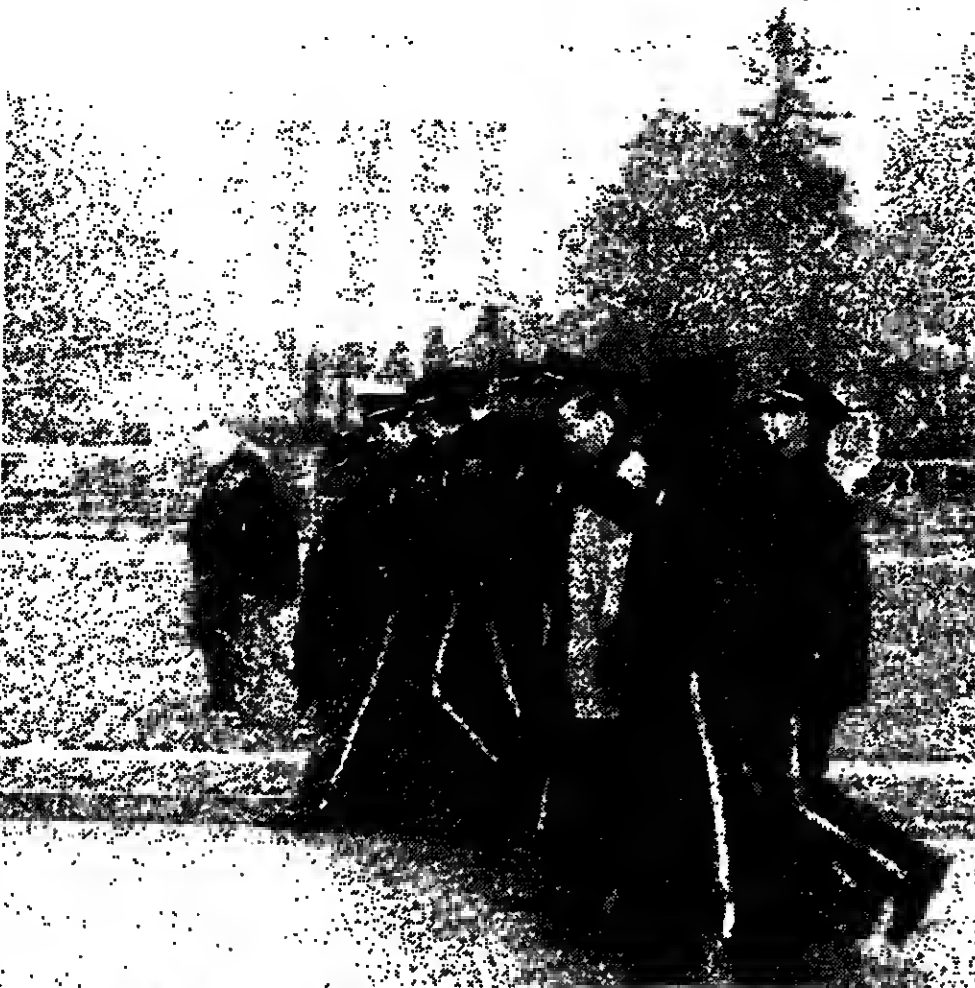
The patient, Barbara Webb, 68, a retired schoolteacher, died Saturday at the Hospice of Martin here. She had been a patient of Dr. David Acer, who died of AIDS complications in 1990.

In 1991, Kimberly Bergalis, 23, became the first of Dr. Acer's patients to succumb to the disease. Before her death, Miss Bergalis became an outspoken advocate of AIDS testing for medical personnel.

Dr. Acer is the only health professional in the United States known to have transmitted the human immunodeficiency virus, which causes AIDS, to patients.

Two other former patients of Dr. Acer known to have been infected with HIV are still alive.

Pope Is Time's 'Man of Year'
NEW YORK — Time magazine has selected Pope John Paul II as its Man of the Year.



U.S. Park Police searching the area of the Ellipse, behind the White House, after shots were fired at the president's official residence. One bullet penetrated the dining room.

Away From Politics

A Miami prostitute has been found dead in an area where four others have been killed since September. The police said did not know whether the woman was the fifth victim of an unknown killer linked to the other deaths.

Nancy Kissinger, wife of former Secretary of State Henry A. Kissinger, was treated at a hospital for an intestinal ailment. She was in stable condition, a spokeswoman for New York Hospital said.

Dog search teams found the bodies of two people, both shot in the head, who are suspected of killing a sheriff, the police in Lake City, Colorado, said. The two, believed to be Mark Vredenburg and Ruth Slater, were found under a tree about a mile from where Sheriff Roger Coursey was killed in this town.

of about 500 in southwest Colorado. "It was either a suicide-suicide or a suicide-homicide," a police official said.

Near Skykomish, Washington, rising temperatures and rain sent tons of snow tumbling across a highway pass, burying four cars and injuring at least nine people.

In Cincinnati, a Ku Klux Klan cross was toppled briefly by protesters 11 hours after it was erected at a downtown square. Six people were arrested and the cross was put back up, police said. No injuries were reported.

Members of the Knight Riders of the KKK have a permit that allows the 10-foot wooden cross to stay up through Dec. 27. The U.S. Supreme Court has rejected a request to ban the display.

Gingrich Dry Run: Terra Incognita

By Michael Wines
New York Times Service

WASHINGTON — Representative Newt Gingrich, the next House speaker and newly crowned master tactician, held the 229 other Republican representatives captive in the Capitol's House chamber for two relentless days last week, drilling them on parliamentary minutiae, whipping them through a number of mock debates, exhorting them with inspirational speeches.

Ever the strategist, Mr. Gingrich said the object was to prod Congress's perpetual minority into acting, at long last, like a majority party.

Representative-elect Sonny Bono, Republican of California, put it another way.

"This is sort of like taking the show out of town for a while and seeing how it's running," Mr. Bono said as he stood in one of the ornate hallways outside the House during a break in the action.

"It's always more familiar when you walk out on the stage and you've already practiced it."

Mr. Bono's analogy is apt. Mr. Gingrich opens on Broadway in three weeks with a show that he is touting as a runaway hit. The Georgia Republican has a cast whose sole experience is a 40-year run on the dinner-theater circuit of legislative politics.

He has held only one dress rehearsal, and last week was it. "We have an enormous amount of work to do," Mr. Gingrich said after just one session.

"We in the majority have a responsibility now that is much bigger than anything we've faced. It's much more challenging than taking control was."

It is not difficult to see why. No Republican now in the House has ever run a national legislature. When the most grizzled among them first showed up, in 1963, House Democrats had already been in power for eight years.

As if that were not complicated enough for him, a full one-third of Mr. Gingrich's new majority have not served in the House, or often in the government, at all.

Thus, Mr. Gingrich faced two problems when his orientation began: Experienced Republicans, who spent four decades throwing gravel in the cogs of Democratic legislation, knew how to slow a political juggernaut but not how to keep one moving. And freshmen knew neither.

For example: "O.K., say you've got a bunch of voice votes coming up, but you're out with constituents, and they want to take some photos," Steve Stockman of Texas, out-fitted in a proper dark suit and name tag, grumbled a newly hired aide outside the House chamber during a break in one session.

"You telling me that means we've got to sit in there all day for votes?"

(The answer: No. Voice votes are not recorded, so no one will ever know whether a lawmaker sits for them or not.)

"We have to set the agenda now—we have to bring bills to the floor and get them passed," said Representative John A. Boehner of Ohio, who helped run the proceedings. "We never had to do this stuff as a minority. We just had to anticipate, react—and lose."

Perhaps above all else, Mr. Gingrich does not like to lose. So he summoned them to the House chamber at 8 A.M. Thursday and all but locked them in for the day's proceedings.

Every Republican received a newly minted paperback copy of the "Contract With America."

Committee chairmen lectured them on the schedule for enacting the contract's tenets into law. Conservative luminaries—Governor John Engler of Michigan was one—spoke about the need to be bold and maintain momentum.

To drive the point home, Mr. Gingrich and another organizer, Representative Robert S. Walker of Pennsylvania, organized a mock session of the House, designated several veteran Republicans to be honorary Democrats and instructed them to make a mess of the proceedings as best they could.

Then Mr. Walker brought some of the less experienced House Republicans up to the speaker's

chair, for the first time in their careers, to try to straighten things out.

Representative Deborah Pryce of Ohio, who is starting her second term in the House, struggled to stop two quasi-Democrats, David Dreier of California and Martin R. Hoke of Ohio, from monopolizing the floor.

"My question," she said later, "was, Do I have to recognize each member in the course of a soliloquy, or what?"

And the answer? "I'm still not sure of the answer," she said, adding, "We have to prepare for this, but I'm not sure we know how to prepare for it."

A grinning Mr. Gingrich later pronounced it "fun to watch," but he did not stray far from his purpose.

"We won't be perfect on opening day, and the American people will see us make a few mistakes," he said. "But we'll be much better because of this than we would have."

★ POLITICAL NOTES ★

Errant Congressmen Still Feel the Lash

WASHINGTON — It used to be that strong congressional leaders maintained party discipline by punishing errant members, a practice that has been abandoned in this era of independent-minded lawmakers. Or has it? Circumstances surrounding two committee assignments in the House and Senate suggest otherwise.

In the Senate, the Republican leader, Bob Dole of Kansas, who would like to be president, appears to have blocked Senator Phil Gramm of Texas from securing a coveted seat on the Finance Committee. Mr. Gramm, too, would like to be the party's presidential nominee in 1996.

In the House, the Democratic leader, Richard A. Gephardt of Missouri, last week deposed Representative Charlie Rose of North Carolina, as the top Democrat on the House Administration Committee. Mr. Rose, current chairman of what will be renamed the House Oversight Committee when the 104th Congress convenes next month, challenged Mr. Gephardt in the leadership race.

Aides to Mr. Dole and Mr. Gephardt denied they had exacted what looks like political punishment, old-style.

Clinton Aides Seek to Boost Legal Fund

WASHINGTON — President Bill Clinton's legal defense fund has collected more than \$500,000 in its first six months, but his supporters, concerned that the fund will not raise enough money because it is barred from active solicitation, are considering setting up a separate organization that would operate under fewer fund-raising restrictions.

The new organization would have no official connection with the president or Hillary Rodham Clinton and would be free to engage in fund-raising activities, such as direct mail solicitations, that are forbidden to the existing Presidential Legal Expense Trust, according to a source familiar with the planning.

"Who knows, especially with Republican control, how many investigations there are going to be, how many lawsuits there are going to be," the source said. "It's a matter of trying to raise enough money in some appropriate fashion."

As the legal bills for the president and Mrs. Clinton mount, the existing fund, the only such mechanism set up by a sitting president, is to make its first public disclosure next month, when it will reveal how much it has collected, amounts paid out and donor names. Because of controversy surrounding the effort, fund-raising has been sporadic and low-key.

Clinton supporters say the fund is caught in a bind. Fund-raising restrictions imposed by the Office of Government Ethics and a pending lawsuit filed by a conservative legal group have forced it to operate under difficult practical constraints, they say. After 2-1/2 years, a white House counsel said, the fund-raising restrictions "really meant there couldn't be any formal solicitation of any kind. You couldn't do anything to raise funds. It all had to be word-of-mouth."

Critics charge that the legal defense fund is an unsavory and perhaps illegal effort by the Clintons to have their legal bills footed by others. The president's supporters defend the fund as an unfortunate but necessary and appropriate response to the circumstances in which the Clintons find themselves.

Quote/Unquote:

Donald Berlin, an Alcoholics Anonymous member at the funeral of Teresa Jane McGovern, daughter of former Senator George McGovern who died last week in an accident caused by her alcoholism: "Not all the senators and congressmen before you and after you can legislate a person to sobriety. That power is given only to God."

Market Forces Bypass Idle Congress on Health Care

By Erik Eckholm
New York Times Service

WASHINGTON — In the two years that Congress wrangled over health care before failing to pass fundamental change, private market forces were acting on their own to transform the country's medical system dramatically.

Cost cutting, intensive competition, and the growing role of large, profit-seeking corporations in health care escalated some of the very trends that many members of Congress said they most opposed, like limitations on the choice of doctors. Among the milestones American health care reached without fanfare during 1993 and 1994 were these:

• A majority of privately insured Americans were enrolled in managed-care plans that limit the choice of doctors and treatments; 65 percent of workers at medium and large companies were in such plans by 1994.

• For-profit health maintenance organizations, or HMOs, grew so fast that they overtook nonprofit organizations as the dominant force in managed care. Today the majority of all people enrolled in HMOs, the most common and stringent form of managed care, are in plans operated by for-profit companies.

• At least three-fourths of all doctors signed contracts, covering at least some of their patients, to cut their fees and accept oversight of their medical decisions. Among doctors who work in group practices, the share of such managed-care contracts was 89 percent by 1993, up from 56 percent the year before.

Run for decades more like a collection of cottage industries than a system that now accounts for one-seventh of the economy, medical care is increasingly the domain of big business, offering a rich new playing field for Wall Street.

Mergers and acquisitions of hospitals, clinics, doctor groups with their patient lists, medical laboratories and other patient-care services, have totaled \$20 billion this year, up from just \$6 billion in 1992.

Combined with the \$22 billion in pharmaceutical deals, health-care mergers surpassed in value those of any other industry for 1994, according to the Securities Data Co., a research firm.

But this restructuring has done nothing to ease the plight of the uninsured, whose numbers keep climbing, and it is also raising profound new questions about how quality care and ethics can be guarded.

"There's never been a time in the history of American medicine when the independence and autonomy of medical practitioners was as uncertain as it is now," said Dr. Arnold S. Relman, editor emeritus of the New England Journal of Medicine. "I think that in this process businessmen and their agents will begin to exercise unprecedented control over the allocation of medical resources."

But proponents of HMOs say that their brand of medical care, prevention-oriented and centered on a family doctor, is generally better as well as more economical. They say consumers have little to fear.

"It's the corporatization of health care," said Kenneth S.

Abramowitz, a market analyst with Sanford C. Bernstein & Co. in New York, who advises health investors. "And what's wrong with that?"

"Corporations produce hotel rooms and toothpaste and automobiles, and the country does

Health care is increasingly a rich new playing field for Wall Street.

fine. You still have to produce a service and monitor and improve it, for a finite price."

The changes have been driven, above all, by the desire of those who pay most health bills — employers and the government — to curb costs. In response, insurers and HMOs are offering to supply care at reduced, all-inclusive prices, confident that they can offer good care and still make a profit.

The national debate over how to revamp health care only speeded up the changes in the marketplace, many experts think, as doctors, hospitals, and investors realized that one way or another, managed care was likely to reign supreme.

HMOs seek to cut costs by curbing tests, surgery, referrals to specialists, and hospital stays they consider unnecessary, as well as by paying lower fees, pushing prevention, and seeking out efficiencies wherever they can. In regions where HMOs have begun to compete with each other for business, there is evidence that they can hold down overall medical spending.

In California, a bellwether in the transition to managed care, three-fourths of all privately insured patients are now in HMOs, and even one in four elderly Medicare patients have joined them, said Albert Lowey-Ball, a consultant in Sacramento. In the most recent sign of savings, larger employers in the state, in negotiations with fiercely competing HMOs, have obtained rollbacks in health premiums for next year of up to 10 percent.

Nationwide, health spending slowed considerably over the last two years, though it was still double the general inflation rate.

Whether recent reductions in HMO premiums can be maintained for long is disputed. And over time, many experts believe, health spending will still grow

faster than the economy as a whole because of new technologies and the aging of the population.

Whatever it may do to cut spending, market competition has not halted the rise in the number of uninsured, which is linked to broader economic trends. According to federal surveys, the number of Americans living without health insurance climbed to 39 million in 1993, from 37 million in 1992, and further increases are expected this year.

In this Tuesday's

Style

Christmas Stockings!

A new take on legs.



Herald Tribune

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Nominated work must:

- be published and original;
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- benefit mankind and advance scientific knowledge;
- not have been awarded another international prize.

Nominations should include:

- an official letter of nomination detailing the scientific justification for the nomination;
- a typed CV detailing the nominee's academic background and experience, and listing all published works;

c) Six (6) copies of each nominated work (no nomination works will be returned);

d) three (3) recent colour photos;

e) full contact details.

The above information must be received by The King Faisal International Prize no later than September 1, 1995.

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صبرنا من الازل

Bulgarians Backing Former Communists

Polls Give Them 42% of Vote, But Coalition May Be Needed

SOFIA — The Bulgarian Socialist Party of former Communists was leading Sunday in the country's third general election since 1989, preliminary voting forecasts showed.

Estimates from five pollsters gave the Socialists between 42 percent and 44 percent of the vote and the Union of Democratic Forces between 23 percent and 26 percent.

Three or four smaller parties were expected to exceed the 4 percent limit needed for seats, leaving the future shape of Parliament unclear.

According to some forecasts, the Socialists would be able to form a government on their own while others indicated that they would only be able to rule in a coalition.

Osman Oktai from the mainly ethnic Turkish Movement for Rights and Freedoms that held the balance of power in the previous Parliament but now favors the Democrats, cast doubt on the results but said a Socialist lead had been expected.

He said that he hoped that the Socialists would not be able to form a majority in Parliament. "I think that the democratic forces together will have more," said Mr. Oktai, deputy president of the party.

The Turkish Movement was one of the three parties with an estimated showing at or above the 4 percent mark. The others are the anti-Communist People's Union and the Bulgarian Business Block.

"Our preliminary results show that the Bulgarian Social-

ist Party has about 44 percent of the vote, while the Union of Democratic Forces has more than 24 percent," said Miroslav Sevlievski, secretary of the Bulgarian Association for Fair Elections and Civil Rights.

Four other pollsters, Citizens' Initiative for Free and Democratic Elections, Gallup International, Sovas 5 and MBMD gave similar forecasts.

The two main blocs, which have had turns at the helm over the past five years, accuse each other of blocking market reform and allowing street-corner racketeers and big-time Mafia gangs to flourish.

A few hours after polling booths opened, the central electoral commission issued a warning to voters not to use fake or old ballot papers after it was discovered that party activists had been handing them out.

The radio said that irregular ballot papers had emerged "in many places" but the commission said there were no major infringements of the law.

Voting was brisk and there was some optimism.

"This time I dropped my hat in the box full of hope, much more than in 1991 because this time things have reached the edge when we will either disappear or survive," said Elena Dordova, 35, in Sofia.

But interim prime minister Reneta Indzhova was cynical. "I see a tremendous gap between the interests of the people and that which politicians are doing for them," she said as she voted in a suburb of the capital.



President Zhelyu Zhelev leaving a voting booth in Sofia on Sunday.

German Police Break Up Rightist Bonfire Before It Is Lighted

BERLIN — Rightist extremists from across Germany converged on a small Bavarian town for a winter solstice bonfire, but the police broke up the holiday gathering before the fire was set, authorities said Sunday.

The police action in Marzling, north of Munich, on Saturday evening came as a newsmagazine reported that the Interior Ministry plans to ban four more neo-Nazi groups.

Last-minute information led police to

a tavern in Marzling where the roughly 160 rightists had gathered under the guise of a record company Christmas party, authorities said.

The police were thus able to prevent the extremists from moving to a clearing in the woods where logs had been stacked 3 meters high for a bonfire. No arrests were made, and the police did not make public any names.

Gatherings by members of banned neo-Nazi groups are illegal in Germany. Der Spiegel reported, meanwhile, that

federal authorities plan to add to their list of banned neo-Nazi organizations the German Nationalists; Assistance Organization for National Political Prisoners and their Relatives; Direct Action-Central Germany; and the National Democratic Party's Youth Organization.

The Interior Ministry refused to comment on the report.

Arsonists Strike at Hostel

Arsonists set fire to a German hostel for refugees from former Yugoslavia, Reuters reported from Bonn on Sunday, quoting the police.

A woman and two children suffered slight injuries from inhaling smoke, but the other nine residents were unharmed. The fire was in the town of Rosenthal, between the Dutch border and the city of Münster.

The police said they had no suspects. Refugees seeking political asylum in Germany have often been targets of arson attacks and other violence by neo-Nazis.

Agents Credit Fake Bank's Role in Sting

WASHINGTON — Federal authorities say that a fake bank they created in the Caribbean crippled major money-laundering schemes used by the Cali drug cartel of Colombia and organized crime groups in Italy.

As the first financial institution ever created and operated by federal agencies in a criminal investigation, the bank produced what the American and Italian authorities said was the strongest evidence yet of direct financial links between the cartel and Italian groups that distributed its drugs.

The ploy allowed the authorities to seize almost \$40 million in cash as well as paintings by Picasso and Rubens.

So far, more than 90 people have been arrested.

The two-year investigation was begun by the Drug Enforcement Administration and ultimately involved the Internal Revenue Service, the FBI and law-enforcement agencies in four states and four other countries. The bank operated for six months as the final stage of the investigation and was closed down this month, to avert suspicion.

Thomas Constantine, the administrator of the agency, said Friday that the suspects arrested included 60 Americans and Pasquale Locatelli, an Italian who was described as the head of a major criminal

organization operating across Europe and Canada.

Mr. Locatelli, who escaped from a French jail by helicopter in a wild shoot-out five years ago, was captured three months ago in Spain.

More arrests are expected, Mr. Constantine said.

For the last several years, law enforcement agencies have been piecing together the relationship between the cartel and organized crime in Italy.

Officials involved in the latest investigation, Operation Dinero, said they had documented the cartel's transactions with two Italian crime groups after they created a private bank located on Anguilla, a British territory in the Caribbean, in an effort to attract drug traffickers to convert their assets.

The bank, which was actually run out of the drug agency's Atlanta office, enabled authorities in the United States, France, Italy, Canada and Spain to identify not only traffickers in Colombia but people the traffickers used around the world to broker their deals, collect their money and deliver their products.

In addition to the arrests, Mr. Constantine said, the authorities seized nine tons of cocaine and \$52 million in assets, including \$39 million in cash and three paintings that a trafficker had instructed bank "officials" to sell for a minimum of \$10 million.

The paintings, which were confiscated

Wednesday night at Miami International Airport after a courier brought them from Colombia, included a 1904 watercolor, "Head of the Beggar," by Picasso from his blue period; a painting of St. Paul by Rubens; and a portrait by the English artist Sir Joshua Reynolds.

"We are most proud of the fact we could probe the underground economy of drug traffickers," said William Malarney, a drug agent who worked on the operation. "We were able to get into their boardrooms and see what was happening with their financial transactions. They have spent years establishing corporations and bootlegging to protect their wealth from its true source, narcotics trafficking."

The idea to create a bank to attract profits from drug dealers came from a casual conversation with an informer several years ago, Mr. Malarney said. By that time, American undercover agents had begun infiltrating drug trafficking networks by providing money pickup services for the dealers.

But the informer told the agents that what the Colombians really needed was the convenience and respectability of a bank to handle their profits or to exchange dollars.

With help from the British government, American agents picked Anguilla as the fake bank's headquarters because of the island's laws protecting the identity of customers.

Q & A: Estonia and the EU

Looking for Stability and the Middle Ground

Foreign Minister Juri Luik of Estonia began negotiations last week to give his country and the two other Baltic states the same prospect of European Union membership as such countries as Poland and Hungary. He spoke with Tom Buerkle of the International Herald Tribune.

Q. What is the response of Russia about your prospective EU membership, and in particular, have you given any commitments not to seek membership in the Western European Union, the EU's security arm?

A. We haven't given any commitments whatsoever, and I do not see any reasons why EU membership should be contrary to the desires of Russia.

As the Russian foreign minister [Andrei V. Kozyrev] has pointed out on many occasions, EU membership of the neighboring states of Russia would create stability and increase trade and economic activities in general in the region, so Russia is certainly one of the countries that should benefit very actively from that kind of cooperation.

Q. Do you think WEU and North Atlantic Treaty membership will come sometime after the economic membership in the European Union?

A. It's one of the possibilities. We don't use the term NATO expansion because we think the word expansion itself is completely wrong.

We're not talking about expansion. NATO as such is not very interested in expanding to the East.

We are talking about the decisions of sovereign governments to seek their security arrangements.

I think it's clear that countries who have more common values, more common ideas and economic links seek closer relations than others.

Europe is too big to have it all connected to one organization, as the CSCE has proven.

Q. Is there a greater degree of concern in Estonia today about developments in Russia after the rejection of Part-

nership for Peace and the hard line President Boris N. Yeltsin has taken toward NATO enlargement?

A. Our relationship with Russia has always been rather volatile, from better to worse and worse to better. So we are

'Our relationship with Russia has always been rather volatile, from better to worse and worse to better. So we are not very surprised at sudden changes. They are probably connected to the internal political situation in Russia.'

not very surprised at these sudden changes.

They are probably connected to the internal political situation in Russia.

I think Mr. Kozyrev will eventually sign the Partnership for Peace program. The simple reason is that Russia wants to be part of the organization where something is decided, and where Europe's future is designed.

I think Mr. Kozyrev cannot afford to leave himself out of the Partnership program.

Q. What's the state of the economy now in your country? How prepared is Estonia to accept the rigors of Europe's single market?

A. Well, I think Estonia is a rather unique country because we have picked a radical way to economic growth and to economic success, in terms of maintaining a stable currency and a balanced budget, which is very difficult in these times when the state is growing and is having its re-

birth and everything from the army to the pensioners needs money.

The predicted growth of the Estonian economy this year is 4 percent. Inflation is down. Unemployment is low. We are proceeding in a good manner.

And of course it's important to say also that Estonia is one of the few countries in Europe, perhaps one of the few countries in the world, that does not exercise trade barriers.

Q. What's the vision of the European Union you would like to join?

A. I think all Central European countries are interested in some kind of middle ground.

From one side it's clear that the larger organization we are talking of where Central European countries are members cannot be a federalist state.

At the same time, we value very greatly a common foreign and security policy and are determined to find a consensus on the most difficult issues here, and also the common financial and economic policy.

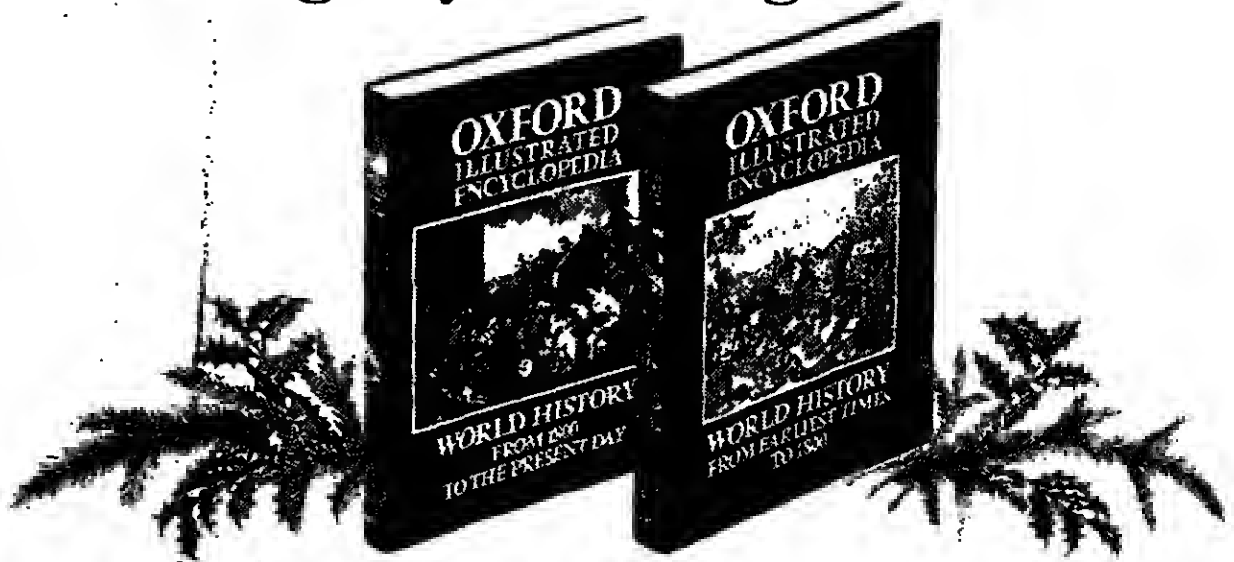
Q. What kind of role should Estonia and the other Eastern countries have in the EU's 1996 review conference to prepare itself for your membership?

A. It's very important that the association countries be actively involved in the preparation of the intergovernmental conference documents.

The document which the Essen summit has asked the commission to work out — the financial and practical implications of the enlargement — we should be very careful with this document because it's easy to prove financially that the enlargement is not profitable, that the enlargement is too complicated.

We should keep in mind the wider goal. The advantages of stability, avoiding cold wars and hot conflicts, increasing the wealthy markets in the East — perhaps it's very hard even to count them in the methods we use at the moment.

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INTERNATIONAL Herald Tribune

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Turkish Predicament

It is the right of the elected government of Turkey to spend the country's resources and put at risk its cohesion, democracy and reputation in battle against a small armed minority Kurdish separatist movement. But to the American government and other friends of Turkey, it becomes a matter of great political and strategic worry to see a friendly, democratic and allied country, already strained by other cares, further exhausting itself in struggle with the Kurds.

The latest episode is sobering. For what most Western democracies regard as political offenses, a government, which has ceded authority on this broad issue to a nationalistic military, arrested eight members of Parliament on charges of aiding and abetting the illegal terrorist guerrilla force known as the PKK. Although treason charges carrying a death penalty were dropped, the eight were convicted and sentenced to prison for up to 15 years. The authorities proceeded despite public protests from Turkey's closest foreign friends, despite the country's internal uneasiness and international isolation and despite possible delay in its access to the European customs union.

Of course, it is easy for Turkey's friends, from the comfort of their distance from its agony, to issue advice about the appeal of

a political solution — regional autonomy for the Kurds, cultural privileges in language and education and so on. The Turkish authorities, often feeling misunderstood and put upon, set that advice against the imperatives of sovereignty and against the revulsion generated by a guerrilla force that, competent observers suggest, is even more brutal (although not nearly so numerous and powerful) as the army that opposes it.

Yet unwelcome as the message must be, it is the right message. Prime Minister Tansu Ciller's struggling government in Ankara badly needs to work its way back to the search for reconciliation that was being conducted by President Turgut Ozal at the time of his death only two years ago.

No one should underestimate the political and operational traps of a strategy meant to pry the more moderate civilian Kurds, like those just convicted, from guerrillas wedded to extremism in means and end. But neither should anyone underestimate the damage that an unrelenting hard line will do to Turkey — and to the great interest that anxious Americans and others have in the stability and good sense of a major regional partner and friend in trouble.

— THE WASHINGTON POST.

Republicans and Korea

Senator Frank Murkowski has come back from North Korea a convert. Before his trip to Pyongyang, he seemed ready to block the necessary funding for the painfully constructed deal under which North Korea agreed to freeze and then dismantle its nuclear program. Now the Alaska Republican, who will head the Senate subcommittee on East Asia, says that meeting the North's needs could lead to a nuclear-free Korea.

That is a welcome change. Mr. Murkowski and his fellow Republicans have made a sport of questioning the administration's nuclear diplomacy with North Korea. He and friends apparently believed that by showing skepticism now, they would wind up on the high ground if Pyongyang ever reneged on the deal.

Shortsightedly, even dangerously, some Republicans still want to deny the money necessary to underwrite the arrangement. That would make the Republican Party responsible not only for sabotaging the agreement but also for antagonizing two allies, Japan and South Korea, who favor a deal. It could even mean that, come 1997, a Republican president would confront a risk of war in Korea. Mr. Murkowski is prudently walking the party back off that treacherous perch.

Under the agreement, Japan and South Korea will bear almost all the costs. The United States, however, is obliged to supply the North with heavy oil for its electrical generators, securely store the North's spent nuclear fuel, which contains five bombs' worth of plutonium, and ready it for eventual removal. The Clinton administration intends to take \$5.5 million from Pentagon funds to pay for the oil, but it will have to ask Congress for up to \$10 million for storing and eventually removing the fuel rods. That is a pittance to pay for an agreement that would remove a major threat to the world's safety.

Too Much Plutonium

As part of its effort to halt the spread of nuclear arms, the United States has stopped producing plutonium for military purposes and is seeking a worldwide cutoff of the military production of nuclear material. Yet vastly more plutonium is generated as spent nuclear fuel in civilian power plants. Some of it is being reprocessed for use as fuel for commercial reactors, when in fact low-enriched uranium will do. Plutonium can be used in bombs; its reprocessing needs to be curtailed.

Washington can begin that effort now. It is renegotiating a 1958 agreement with Euratom, the European Union's atomic energy agency, which is due to expire at the end of next year. Under that arrangement, U.S. companies have supplied the Europeans with low-enriched uranium for use in their power plants. Yet Washington has repeatedly waived its own requirements that prohibit the spent fuel generated from that uranium from being reprocessed into plutonium and shipped to others without U.S. approval.

In renegotiating the agreement, the United States is legally bound to insist on its right to consent to any reprocessing or retransfer. Washington is, in fact, prepared to grant that consent in advance for the life of the agreement. It should do so, however, only on the understanding that power plants truly need the plutonium and will not stockpile it. Otherwise, plutonium

should remain in the form of spent fuel, which is not readily usable for bombs. Britain and France are resisting a U.S. right of consent. They are reprocessing the spent fuel for sale to Japanese and German plants. The contracts were negotiated long ago in anticipation of a shortage of nuclear fuel. But the world is now awash in low-enriched uranium, which cannot be used in bombs. The United States, by reserving its right of consent, can try to keep hazardous plutonium from piling up.

— THE NEW YORK TIMES.

Other Comment

Force Isn't the Answer

Boris Yeltsin cannot be blamed for wanting to avoid a showdown with the army. But he can be blamed for not being prepared to risk one, if the army is wrong. And wrong it is, if indeed it is trying to hold the federation together against the wishes of the people of its constituent parts. That is not to say that the Chechens have behaved well or wisely in their bid to break free. If they wish to divorce in haste, they can repeat at leisure. For Mr. Yeltsin the important lesson is to understand that democracies cannot be glued together by force.

— THE ECONOMIST (London).

Humanitarian Dilemma: Doctors Are Leaving the Camps

By Flora Lewis

PARIS — Doctors Without Borders, the French-founded organization that has helped relieve misery in war-torn places for well over a generation, has decided to leave Rwandan refugee camps. It was an agonizing decision, a cry of anguish to call attention to the cynical abuse of charitable aid that has made "hostages of the refugees and impotent accomplices of the humanitarian organizations," said the group's monthly journal.

Its president, Philippe Biberon, urges public reflection on "the sense of humanitarian aid." It is an insistent question in

Bosnians are 'kept alive to die on a full stomach tomorrow.'

many places, not least in Bosnia, where generous intentions have been made to help prolong and magnify the human distress that they were meant to ease. Lives are saved, but it is only to advance evil purposes, to sustain fear and hatred and the wars that they are used to promote.

The new idea of the "right of humanitarian intervention" was launched by France at the United Nations after the Gulf War, to protect the Kurds of northern Iraq without the traditionally required permission of the state involved. It worked there, be-

cause the powers made it work, but it has not solved anything further.

Large forces were sent into Somalia, a state whose decomposition brought famine, disease and massacre. Parts of the country are said to be feeding their people again, as the result of intervention. But a new report from the capital, Mogadishu, quotes one resident as saying: "It is as if nobody came. It cost billions, and we see nothing for it."

When word began pouring out of "ethnic cleansing" used as a weapon and a goal in Bosnia's war, the lucid UN high commissioner for refugees, Sadako Ogata, asked in horror: "What are we to do? If we help the people leave, we are accomplices to ethnic cleansing. If we don't, we are accomplices to murder."

All kinds of charitable organizations flocked to help the persecuted and besieged, often at grave risk to their personnel. But they couldn't protect themselves and their supplies from extortion and attack.

The United Nations sent in forces, now 23,000 in Bosnia, to protect the delivery of humanitarian goods and services and then to protect declared "safe havens." It is a mission to call them "peacekeepers"; that is not their mission. Although they have suffered nearly 70 killed and hun-

dreds wounded, they succeed only in getting convoys and airlifts through, and shelling of cities interrupted, when the attackers acquiesce for their own economic, political and military purposes.

UN troops now speak bitterly of their "humiliation" when they are not allowed to break barricades or return fire, even to resist being held hostage. Aid has been distributed, Sarajevo survives. But the war goes on. "We are kept alive to die on a full stomach tomorrow" is the disillusioned complaint about what "protection" means.

Billions of dollars have been spent in the past few years on alleviating humanitarian emergencies so that better-off parts of the world can feel they are showing a modicum of compassion. It is eating into the capacity to provide promised aid for longer-term, more fundamental programs to alleviate such needs. The UN Development Program's administrator reports that emergencies, which consumed 25 percent of UN resources in 1988, took 45 percent in 1992.

The president of Doctors Without Borders focuses only on the camps for Rwandans in his appeal for a clearer, more honest, more willful international assessment of how to prevent the perversion of humanitarian action. He says the aid to camps on the Zaire side of the border contributes to "delivering the refugees tied hand and foot to leaders who are determined to continue

their fight to the end against civilians by murder and spoliation."

The leaders, well organized, are the same soldiers, militiamen, prefects and administrators who saw to the genocide of Tutsi and opposition. Hutu in Rwanda earlier this year. They control distribution of donated supplies, siphoning off very large amounts, using violence and threats, preparing forces for an offensive in Rwanda. Dr. Biberon knows that his group's denunciation and withdrawal will not remedy matters. "But contributing to this appalling [of civilians by force] with silence empties humanitarian work of its sense." The dilemma, he says, "was not to go or to leave, but to leave usefully in hopes of being heard."

He should be heard, and not only about Rwanda. It is hard to refuse help to victims who sorely need it because persecutors and aggressors turn it to their own ends. But it is too easy to say that responsibility ends with generosity and good intentions.

This is a dilemma that is likely only to increase as turbulence spreads in the world, and as instant communications make it impossible to pretend to ignore great human disasters in distant places. It is a reminder that we have not done very well in giving peace and human decency a chance, and that turning away in indifference still won't give us a chance to forget.

© Flora Lewis.

Humanitarian Agencies Attempt Too Much and Achieve Too Little

By Alex de Waal and Rakiya Omaar

LONDON — Since the end of the Cold War the roles of international relief organizations have undergone far-reaching changes. Their mandates are far wider. Africa has been the main testing ground, but the humanitarian international is worldwide.

Nongovernmental organizations (NGOs) are struggling to find new roles in Bosnia, Cambodia, Haiti and Iraq.

The most dramatic manifestation of these new roles is the call for international military intervention. Five years ago it would have been unthinkable for a humanitarian agency to call for international troops to intervene. Now it is almost commonplace.

NGO personnel argue that they are faced with a new phenomenon: long-lasting "complex emergencies" caused by war. They applaud the new willingness of the United Nations to disregard national sovereignty in pursuit of humanitarian ends.

Western donors' strategic and commercial interest in poor countries is declining. Their chief concern is increasingly to avoid bad publicity at home from humanitarian crises once these reach the television screen. Channeling relief funds through NGOs rather than through host governments is attractive — it is high-profile, flexible and short-term, with little provision for accountability.

Western disengagement and the recent big increase in NGO relief operations funded by Western governments are two sides of the same coin.

Meanwhile, many governments — particularly in Africa — no longer exercise the same centralized authority as before; some states have even ceased to have a recognized government. They cannot resist the invasion of the humanitarian.

International relief agencies are not only far larger and more influential than before, they have expanded their mandate.

In countries like Mozambique and Cambodia, they may be the chief providers of public welfare, and among the main sources of salaried employment and commercial contracting. Even more

significantly, they act as news agencies and diplomats. They speak boldly on political issues, setting the international agenda.

In short, relief agencies are expanding into a void left by the shrinking power of host governments and the declining political interest of Western powers.

Somalia was a testing ground for NGOs' readiness to accommodate violence. It was the first time that many agencies hired armed guards. NGOs tolerated diversion and extortion and ended up paying hundreds of thousands of dollars to factional leaders such as General Mohammed Farrah Aidid. This played a critical role in enabling them to maintain their militias.

The failure of humanitarianism to fill a political vacuum was clear

in Somalia. It has also been evident in Bosnia — a turning point in the worldwide development of humanitarianism. Failings familiar to Africans cannot be hidden in a country so close to the heart of Europe and with an articulate educated class that has access to international media.

African voices critical of the humanitarian international have rarely been heard. Bosnian voices are harder to silence. The sheer incompetence and waste in the international relief effort have been exposed to all.

One set of humanitarian agencies negotiates with war criminals to allow food convoys to roll, while another set threatens to bring these same people to court.

Which should prevail: the "operational neutrality" of relief

agencies or the search for justice? Up to now the question has been fudged. This is not just a failure of the United Nations Security Council. The humanitarianists have not made up their minds, either.

The dilemmas in Rwanda are stark. The refugee flows out of the country were not the familiar unplanned flight of civilians caught up in a war. To a large extent they were a planned exodus under the political direction of those responsible for the massacre of perhaps a million people, to seek sanctuary from where they could regroup and attack Rwanda again. Among the refugees were the principal killers, well armed and well organized. This has been one of the most flagrant abuses of international relief in modern times.

The extremists who had

How Somalia Became a Media-NGO Circus

IN POLITICAL emergencies in the 1990s, the enlarged mandate of operational NGOs includes primary or even exclusive responsibility for the delivery of services such as relief or health care; human rights; conflict resolution; publicity; lobbying and advocacy. Increasingly, NGOs' operations can be characterized as "multi-mandate," combining elements of all the above.

The components of the enlarged mandate may sometimes be in serious conflict.

During 1991 and early 1992, Somalia was abandoned by the international community, save a handful of NGOs. These came to exercise an extraordinarily powerful role in lobbying and advocacy. They were able to monopolize almost the entire media coverage of Somalia, and to dictate the terms of the international debate on the country.

Every journalist who visited Somalia stayed with an NGO and quoted largely from NGO staff. They used relief aircraft to fly in and out, and NGO satellite communications to file their stories.

This occurred partly because of the collapse of the Somali government and partly because of international disengagement from Somalia — the diplomats and UN personnel simply ran away. The international NGOs, which remained played a vital role as the sole expression of international solidarity with the Somali people.

This position gave them enormous responsibilities, which for the most part they exercised well. But that was fortuitous. With slightly different people, in slightly different circumstances late in 1992, NGOs in Somalia were often wildly irresponsible. At the end of the year, it was the NGOs — specifically senior officials of CARE — that played the key role in calling for Operation Restore Hope.

By August 1992, much of Somalia had become a media-NGO circus, with reporters competing with one another to uncover the most horrific stories of starvation, while NGOs felt compelled to compete in their responses.

The failure of humanitarianism to fill a political vacuum is more evident in Somalia than possibly anywhere else.

At the end of the day, relief organizations will always make charitable works their priority, which means that human rights concerns will be fudged or jettisoned. In the short term, some people may be fed or treated as a result — an outcome not to be despised. But this is at the cost of addressing more fundamental political and human rights concerns.

In the long term, more people will remain alive under more tolerable conditions if humanitarian relief is provided in a way consistent with basic human rights.

Relief organizations must find their new role. The first step is to open up the debate. Rwanda is a good place to start. It is essential to learn the lessons of the debacle of the response to Rwanda.

The relief failures in Bosnia show how the problem is worldwide. The United Nations and most of the established NGOs operating in Bosnia have recreated donor-recipient relationships familiar to those who have witnessed their operations in Africa.

Rather than seeing the Bosnian people as the essential resource to be mobilized in pursuit of solutions to political and humanitarian problems, the organizations have presented themselves as controlling authorities, for whom the Bosnians are either passive recipients of largesse or troublesome obstacles to the smooth operation of the international effort.

The skilled human resources of Bosnia have been neglected. As with Africans over many years, the Bosnians have found this surprising and humiliating.

Fortunately, humanitarian work attracts many people who are courageous and compassionate. Enough of them can recognize what is happening and act to prevent the destruction of humanitarianism from within and without.

These edited excerpts are from "Humanitarian Unbound," a discussion paper distributed by African Rights.

Old Rascals Out — New Rascals In

By Garrison Keillor

NEW YORK — Out go the old rascals, in come the new. Out with the earnest liberal rascals who talked you to death about the complexities of everything, and now we have Professor Newt Gingrich and his Congress of car salesmen.

This is going to be good. For weeks the victors have treated themselves to a satisfying public gloat. They repeated their favorite applause lines from the campaign — Mr. Gingrich is practically addicted to his line about 15-year-olds killing each other and 18-year-olds getting diplomats they can't read — and they cranked up the Republican

tor Strom Thurmond, the oldest man in political captivity.

Mr. Thurmond does about as well as most 92-year-olds. I suppose, but he is an eerie sight around the capitol, definitely not the sort of active inquiring mind you'd hope to find chairing the Armed Services Committee.

When you look at the Senate leadership, you see one man after another whom any sensible Republican would want to keep off television.

Their best spokesman, Senator Alan Simpson, they unhorsed, leaving them with Bob Dole, a sour man representing the very sort of permanent incumbency that the voters are supposed to have rejected.

Senator Dole gave an interview on election night, in which he said something that startled me — he said, "Government does some things well."

You haven't heard a Republican say that in a long time, just as you've never heard a Republican speak compassionately about the hardship of having very little money, but if the Republicans intend to run the Congress, they have to train themselves to say these things.

It is one thing to run for office on the idea that poverty is caused by public assistance and that the poor would thrive if we just stopped helping them, but when you take power, you have to face reality.

Congressman Gingrich has a hard time with reality. On the eve of becoming speaker, he is still trying to sound like a Tom Clancy novel — announcing that Colin Powell ought to be dis-

patched to tell the Bosnian Serbs: "If you launch a general offensive — we would reserve the right to take you apart, and we would do it in three to five days."

This is supposed to be a new era in politics? This is a reincarnation of William McKinley's America. Suddenly a museum stirs and the statues start talking, and we are back in the Gilded Age, among portly men who regard great wealth as the surest sign of Divine Grace and who amuse themselves by railing against the poor and calling for more prisons.

Thomas Nast, Mark Twain, H. L. Mencken, Sinclair Lewis — every satirist: there ever was has watched this same parade go tooting past.

How they all would have loved Newt Gingrich's solemn announcement after election day: "We have to simply, calmly, methodically reassert American civilization."

This is a remarkable line. Certainly Newt Gingrich did not rise to his position through personal modesty, but it is affluence of a high order to claim to represent American civilization.

But once again, the rabid ideologues are loose, and they want to tell us, from Washington, who is and who is not a real American — what is and what is not genuine in our culture.

It isn't the prerogative of Congress to decide what American civilization is. Congress has all it can do just to pass laws and appropriate money. The voters didn't buy a civilization from Newt Gingrich, they only bought a car, and even before we put the key in the ignition, it is emitting rancid gases.

The New York Times.

Every satirist there ever was has watched this parade go tooting past.

log machine and presented their tiny majority as a tidal change in the history of ideas.

But then, out of the mists, dim figures emerged, and lo and behold, it is the same old gang of fraternity boys, geezers in golf pants, cheese merchants, car stragglers, corporate shells, Bible beaters, swamp developers, amateur cops and old gasbags that we have known since time immemorial.

It is about as revolutionary as if the American colonists had overthrown the British and invited in the Spaniards.

Down from the attic now comes the Republicans' collection of duty undies, led by Senator Jesse Helms, the new chairman of Foreign Relations, an old woofer whose view of the world is dim indeed, and Sena-



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Mandela

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Mandela's Honeymoon Continues

By Bill Keller
New York Times Service

BLOEMFONTEIN, South Africa — Hardly a day goes by without another warning that President Nelson Mandela's supporters are losing patience, that his courtship of the white minority is alienating the black majority, that the newly elected president has too little to show for his eight months in power.

The alarms come from workers in his own party, from union leaders, from black journalists and pundits. They are reinforced by a few small but sensational protests — squatters occupying a Johannesburg apartment complex, jobless blacks storming a Pepsi plant.

As Mr. Mandela's party, the African National Congress, gathered here over the weekend for its first national conference since assuming power, the president declared "opportunists of all hues" who are pressing the government to "gain popularity on the basis of radical-sounding but impractical propositions."

But all this grave talk about the frustration boiling up in South Africa seems to bear no relation to what most black South Africans actually think. An array of recent, nonpartisan opinion polls, focus groups and interviews indicates emphatically that on the streets of South Africa, the honeymoon is nowhere near over.

Ordinary voters are, for the most part, intensely loyal to Mr. Mandela and his party. Overwhelmingly, they say the country is headed in the right direction. Their expectations are comparatively modest. They say they are willing to wait years for results. If they resent Mr. Mandela's emphasis on reconciliation among the races, they are showing no sign of it — at least, not yet.

Indeed, some researchers say the devotion of the black majority to the African National Congress is so strong that they worry less about popular upheaval than the opposite — that South Africa will become a de facto one-party state like many neighboring countries, where opposition parties exist but can be ignored.

Steven Friedman, director of the Center for Policy Studies, which has just completed a series of group discussions with black voters, said that if Mr. Mandela did fail to satisfy yearnings for a better life within a few years, disappointment was less likely to turn into opposition than apathy and cynicism.



Nelson Mandela at the ANC conference on Sunday.

If Mandela does fail to satisfy peoples' yearnings for a better life, 'there won't be a rebellion. They'll just opt out of politics, as many people in the new democracies of Eastern Europe have done.'

Steven Friedman,
Director of the Center for Policy Studies.

"There won't be a rebellion," he said. "They'll just opt out of politics, as many people in the new democracies of Eastern Europe have done."

The lowest discontent tends to come from the people who are best organized to do something — especially union members, who are a minority but one with the power to bring this industrial country to a halt.

Also, there are fundamental differences between whites and blacks on what the government should do. Not surprisingly, blacks place a much higher pri-

ority on creating jobs, housing, better schools and health care for the neglected majority, and are far more willing to have the government raise taxes on more affluent citizens to pay for these benefits.

More blacks than whites are willing to let education standards fall in order to provide equal schools now. Proportionally, twice as many whites as blacks say that those who do not pay for public services like water, electricity and garbage removal should lose them.

Mr. Mandela has tried to bal-

ance the interests of the haves and have-nots, embarking on a huge but gradual program of social upliftment without sharp tax increases that might alarm investors. But the polls suggest that if he does not have some visible success, black resentment could grow.

Despite Mr. Mandela's mantra of nonracialism, race matters.

A survey sponsored by the Institute for Democracy in South Africa found that although race was not the main factor in how people cast their votes, most voters had a strong sense of their own ethnic history, language and culture.

In the battle for the soul of the African National Congress, a small but vocal minority of intellectuals argues that the governing party should take a more Africanist line, promoting blacks aggressively to positions of power and worrying less about the anxieties of affluent whites.

In an opening speech to delegates here, in the city where the ANC was founded in 1912, Mr. Mandela said that reassuring whites — and also the Indian and mixed-race minorities, who fear being victims of black advancement — was a prerequisite for the stability that would make prosperity possible.

But the prevalence of whites in the civil service does not seem to have become an issue with the black electorate yet, although no researchers have gone out specifically looking for it.

In the group sessions sponsored by the Center for Policy Studies, many blacks remarked that whites (including white police) had become more courteous, and had tried to learn African languages. But they also complained of a rigid racism among employers.

The polls suggest that any rival party or breakaway faction would face a formidable task in trying to challenge the African National Congress.

The polls indicate that although blacks are satisfied with their new leaders, and delighted by an increased sense of freedom and dignity, they are far from satisfied with their lives.

As they have put their faith in the new government, many South Africans have lost faith in the confrontational tactics of the struggle — violence, civil disobedience, protests. They call for more discipline in schools and for an end to boycotts of utility payments, and many would even support a moratorium on strikes.

THE GUTENBERG ELEGIES: The Fate of Reading in an Electronic Age

By Sven Birkerts. 222 pages. \$22.95. Faber & Faber.

Reviewed by Jonathan Yardley

It is no doubt an injustice to the author of this thoughtful and heartfelt book to say that Sven Birkerts would have us see him as a good man in a bad time, but there is more than a smidgen of truth to it. Birkerts's subject is the passage of our culture through a "total metamorphosis" in which "the stable hierarchies of the printed page... are being superseded by the rub of impulses through freshly minted circuits." Technology is in, books and reading are out. Birkerts is a book man to the core and thus a paradigm of the beleaguered old virtues; as such he means to command our sympathies.

Birkerts believes us to be at a "breaking point" at which "an entire system of beliefs, values and cultural aspirations" is about to be supplanted by something new and, in the full sweep of its implications, unknown. The "whole familiar

BOOKS

WHAT THEY'RE READING

• Robert Read, fine-arts underwriter at Hiscoc Underwriting Ltd. in London, is reading "Green River Rising" by Tim Willocks.

"It is about prisons in America and it is fascinating although not very cheery reading."

(Erik Ipsen, IHT)



"My guess would be that every lateral attainment is purchased with a sacrifice of depth. The student may, through a [multimedia] program on Shakespeare, learn an immense amount about Elizabethan politics, the construction of the Globe Theatre, the origins of certain plays in the writings of Plutarch, the etymology of key terms, and so on, but will this dazzled student find the concentration, the will, to live with the often blurred and prickly language of the plays themselves? The play's the thing — but will it be? ... The gurus of interaction love to say that the student learns best by doing, but let's not forget that reading a work is also a kind of doing."

If anything Birkerts does not put it strongly enough. Reading is a far more demanding and exacting undertaking than anything the new technology has to offer. Reading demands that the imagination be put to work; interaction and its various spin-offs substitute visual and aural images for imagined ones. Reading requires an engagement between reader and text; interaction, however alluring, is game-playing. Reading at its most demanding is, purely and simply, hard, which is precisely why we are so eager to be done with it.

What Birkerts properly fears is "a flattened new world in which only a small coterie traffics in the matters that used to be deemed culturally central," a world "become sanitized and superficial." The language may be a trifle overwrought, but the apprehension is not. The future, as Mort Sahl used to say, lies ahead, to which must be added, it doesn't look very good.

Jonathan Yardley is on the staff of The Washington Post.

BRIDGE

By Alan Truscott

A neck problem indirectly decided the result of the Blue Ribbon Pair Championship at the American League's Fall Nationals. The discomfort was Ed Carr's, who was due to play with Mark Lair, but did not feel well enough. His bouse guest, Alexander Weiland replaced him and the new partnership won the three-day event by more than two boards.

Weiland won his first national title, while Lair, an experienced professional won his 16th.

The winners began their surge in the final session, when Weiland gambled successfully on the diagramed deal. He opened the North hand with one diamond and took a shot at a six no-trump when his partner bid three no-trump over a weak jump to three clubs. He could reasonably expect that his partner stopped spades, and if he did not, there was a fair chance that West would lead clubs, a suit that he had supported.

If West had led a spade, the contract would have failed by four tricks. But West thought

that South was likely to have the spade king and led an obvious club. Lair claimed 13 tricks for a top score on the deal, suggesting that a slam might have been easier to make than a game. West would probably have led a spade effectively against three no-trump.

At other tables, North-South usually bid to five diamonds, and East-West scored well if they could find a save in five spades, failing by at most two tricks.

NORTH		EAST	
♠ 97	♦ K6	♠ K532	♦ 106
♥ K6	♣ AK98732	♥ 1075432	♣ K108874
♠ A		♠ QJ32	
♠ QJ32		♠ 106	
♠ 106		♠ AQJ9	
♠ 106		♠ Q54	
♠ QJ32		♠ QJ32	

Neither side was vulnerable. The bidding:
West: 1♠, 2♣, 3♠, 4♠, 5♦, 6NT.
North: 1♠, 2♣, 3♠, 4♠, 5♦, 6NT.
East: 1♠, 2♣, 3♠, 4♠, 5♦, 6NT.
South: 1♠, 2♣, 3♠, 4♠, 5♦, 6NT.
West led the club six.

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CAPITAL MARKETS ON MONDAY

Most Active International Bonds

The 250 most active international bonds traded through the Euroclear system for the week ending Dec. 16. Prices supplied by Telekurs.

Risk Name **Cou** **Maturity** **Price** **Yield**

Australian Dollar

250 Australia 7 04/15/00 82.290 7.9300

Austrian Schilling

210 Austria FRN 5 01/12/01 97.500 n.a.

Belgian Franc

245 Belgium 8 12/24/12 92.800 8.4200

British Pound

260 LB Schwaib 8 12/09/99 99.500 8.0400

260 Chubb Elc Pwr 6 08/10/99 91.250 7.3300

Danish Krone

12 Denmark 7 12/15/04 85.500 7.9100

12 Denmark 8 05/15/03 85.500 8.3300

12 Denmark 7 12/15/04 85.500 8.6000

12 Denmark 8 05/15/03 85.500 8.8000

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Japanese Yen

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Spirit of 1993 Still Haunts Bonds

By Carl Gewirtz

International Herald Tribune

PARIS — Like a party gone wrong, the nearly decade-long rally in bond prices has ended in an expensive mess. What is more, the mood is unlikely to improve soon.

The setback, which began when the Federal Reserve Board started to raise U.S. interest rates last February, has affected all of the world's 13 major domestic markets — even those, like Germany, where official interest rates have not been increased.

As market interest rates rise, bond prices fall. Jan. G. Loays at J.P. Morgan & Co. in London calculated the capital losses, excluding interest income, in these 13 markets that comprise the bank's global government bond index as ranging from a low of 15.9 percent in Australia. The declines in the United States and Germany were identical, 9 percent each.

The average decline was 9.9 percent. In dollar terms, this translates into a loss of \$500 billion just in the government bond markets. That does not count the declines in corporate issues or the losses in value sustained in the international capital market.

Mr. Loays attributes the severity of the setback not only to the start of a sustained bear market for bonds following this year's spurt in economic growth but also as a correction to "speculative fever of 1993."

When investors drove yields to unrealistically low levels in the belief that global disinflation was under way.

With a global recovery in economic growth now firmly in place, Mr. Loays ruled out any hope of a sustained rally in bond prices until it becomes clear that the Fed has finished pushing up rates. He said he did expect that to happen until the second half

of next year. By that time, official rates in Germany are likely to be rising, keeping European bond prices under pressure.

Surprisingly, the start of the global bear market for bonds had only a modest impact on new-issue activity in the international market. Data compiled by Salomon Brothers Inc. showed issuance so far this year totaling \$427 billion, only 11.7 percent behind the record pace of last year.

This will be the first annual decline since the retreat of 10 percent in 1990 — a year marked by economic slowdown, financial market fragility, rising oil prices and Iraq's invasion of Kuwait. Only 1987 was worse, when activity dropped 20 percent in the wake of the near-meltdown in world financial markets.

Sustaining this year's activity were spurs in floating-rate notes, which are the safest haven in a period of rising rates, and in issuance of yen-denominated paper. Floating-rate notes have interest rates that are periodically reset to reflect market yields.

Floating-rate notes denominated in dollars rose 34 percent, to \$60 billion. Sterling floating-rate notes increased 23 percent, to the equivalent of \$11.9 billion. Deutsche mark notes, fueled by the opening in Germany of money-market funds, soared 98 percent, to the equivalent of \$11.3 billion.

At more than \$83 billion, the volume of FRNs surpasses the previous records for this sector set in the early 1980s.

In all, the dollar accounted for 39 percent of total activity. John Lipsky, Salomon's chief economist, noted that dollar-denominated transactions, down overall by only 4 percent, at \$165 billion, were also sustained by the sale of fixed-coupon issues. Volume in that sector was down only 11.6 percent despite the dollar's weak performance since investors were keen to buy

short-term debt. Issuers — including some rarely seen U.S. corporates — were willing to sell three- to five-year Eurobonds since they could save about an eighth of a percentage point, compared with the cost of borrowing domestically.

The yen accounted for a record 18 percent of the market due to the continuing reluctance of Japanese investors to incur the exchange risk of purchasing foreign assets and thus driving borrowers to issue in yen.

Mr. Lipsky noted that the stated total issuance in yen — up 25 percent, at the equivalent of \$76.9 billion — understated the currency's market share due to the large increase in unrecorded private placements as well as heavy sales of medium-term notes that are not counted as bonds.

The Deutsche mark lost market share, accounting for 8 percent of overall activity, down from 13 percent last year. The French franc suffered a worse loss, falling to 5 percent from 11 percent last year. Neither currency provided much scope for arbitrage. Sterling was virtually unchanged, with a 7 percent market share.

Although its market share is tiny, the Australian dollar stood out for the 114 percent increase in issues, rising to the equivalent of \$7.5 billion this year. The currency has been one of the best performers on the foreign exchange market — up 13 percent against the dollar and 9 percent against the mark. In addition, Mr. Loays noted that government issuance in the domestic market contracted sharply this year, driving investors seeking Australian dollar assets to the Euro market.

Reflecting heavy retail demand in Belgium, the tax-free Luxembourg franc market scored a 104 percent advance, with new issues totaling the equivalent of \$11.7 billion.

Fed Banks on a Slowdown Next Year

Compiled by Our Staff From Despatches

WASHINGTON —

The Federal Reserve Board is scheduled to meet on Tuesday to consider raising interest rates for the seventh time this year, but most analysts are betting it will hold off from acting so soon.

After boosting short-term rates sharply just last month, the central bank is at a crossroads. It knows the economy is ending 1994 on a strong note, but it expects growth to slow next year as the tighter credit begins to bite.

As a result, the probable decision at the Tuesday meeting will be to delay a rate increase until after the start of 1995, when the Fed will have a better idea of how the economy performed during the crucial Christmas retail season.

"They will wait a hit longer, wanting to take a look at Christmas spending and inflation as they go into the new year," said David Jones, a chief economist at Wall Street firm Aubrey G. Lanston.

But the delay is likely to be short-lived. Most analysts expect the central bank to resume

raising interest rates next month. Mr. Jones said he was looking for a half-percentage-point increase in January, while some other analysts predicted an increase of up to a point.

"The longer the Fed holds out, the more likely that officials will choose to hike the

U.S. CREDIT MARKETS

funds rate by more than 50 basis points," wrote economists at Salomon Brothers Inc. in their weekly commentary.

Alan Greenspan, the Fed chairman, was about as clear as he ever gets in signaling that higher rates are on the way in Congressional testimony early this month.

While insisting he did not know whether rates would be raised this week, he painted a picture of an economy growing too fast for the Fed's liking and fueling inflationary pressures in the process.

"We must remain alert to signs of inflationary pressures," he said to the Joint Economic Committee of Congress. "If price increases are accommodated, they can become readily

embedded in higher inflation expectations."

Even some insiders in President Bill Clinton's circle admitted that higher short-term interest rates are likely next year.

"It's not unreasonable to think there might be further rate increases," said one official.

But the official, who asked not to be named, expected the Fed to hold off from acting this week as it tries to gauge the economic impact of the actions that it has already taken.

The Fed has raised rates by a total of 2.5 percentage points since February. "This is a time when you want to have a delicate hand," the official said.

That argument is not lost on policymakers at the Fed, even the so-called anti-inflation hawks. They want to cool off the economy and thus extend the economic expansion, not kill it.

"If you try to do too much too fast, there's a chance of an overkill," said Sung Won Sohn, chief economist at Norwest.

So far there seems little risk of that happening. A string of economic indicators released last week, ranging from housing

starts to industrial production, showed the economy continuing to steam ahead.

But there were also faint signs of a possible slowdown on the horizon. In a national survey, builders reported growing increasingly gloomy about home sales as spiraling mortgage interest rates continue to discourage prospective buyers.

The yield on the benchmark 30-year Treasury bond closed the week little changed, slipping to 7.85 percent on Friday from 7.86 percent a week earlier.

The return on 10-year notes edged up to 7.81 percent from 7.79. Short-term interest rates rose even more, with two-year note yields rising to 7.56 percent from 7.51 percent and six-month Treasury bill yields increasing to 6.51 percent from 6.46 percent.

The sharp gains on the short end showed market concern with a Fed rate increase, which has an immediate effect on this sector. Long-term rates are more reflective of inflationary expectations, and the slowing effects of a Fed rate rise on the economy are thus beneficial.

(Reuters, Knight-Ridder)

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INTERNATIONAL STOCKS

Taiwan Eases Toward Pact On Opening to Foreigners

TAIPEI — Taiwan's central bank has narrowed its differences with the Securities and Exchange Commission over how far to open the stock market to foreign investors. The Central Bank of China, which has been reluctant to open the market as widely as the commission and others would like, said it would consider allowing foreigners to hold 10 percent of the value of shares listed on the Taiwan Stock Exchange if the SEC agreed to a broad definition of foreign stock investment.

Before approving such a change, however, the bank said it wanted to talk about opening the market in a way that would bring "overall and long-term advantages" for Taiwan.

In addition, the bank, which many analysts have identified as the biggest opponent of market liberalization, said Saturday it wanted certain other problems in the securities market addressed before limits on foreign stock investment were lifted.

Paul Lai, a senior economist in the bank's department of foreign exchange, suggested several changes Friday in the liberalization plan. But the central bank Saturday dropped some of those proposals, according to an article in the Commercial Times, Taiwan's second-largest business daily.

Officials at the central bank have long sought to define stock investment to include not only shares bought directly by foreigners on the local exchange but also claims for shares, known as global depositary receipts, that are sold abroad.

The bank also has wanted to include bonds sold abroad that can be converted into GDRs or stock, as well as shares in Taiwan mutual funds sold overseas by local fund managers.

By the central bank's broad definition, including all these measures, Taiwan as of midyear already had as much as 7.56 percent of its stock market open to foreign investment.

In contrast to the central bank's approach, SEC and securities industry executives have asked for limits applying solely to shares bought directly by foreigners on the Taiwan Stock Exchange. By that measure, only about 3.8 percent of the market had been opened as of midyear.

In addition to seeking an agreement with the SEC on definitions, the central bank said it wanted to discuss with the commission how to go about opening those investment channels that would be in Taiwan's best interests.

According to the Commercial Times, the bank wants to lift the \$3 billion limit on overseas sales of stock and convertible bonds first, followed by the \$2.5 billion limit on sales of mutual funds abroad by local fund managers.

The \$7.5 billion limit on direct investment by foreign financial institutions would be the last to be lifted, the newspaper said.

Foreign financial institutions have been allowed to buy shares in Taiwan companies since 1991. Direct investment by foreign individuals, however, is banned.

The central bank is looking for agreement with regulators.

Saatchi Plans to Oust Its Name Too

LONDON — Maurice Saatchi's ouster as chairman of his namesake advertising company capped nine months of private battles about the direction of Saatchi & Saatchi Co. and has the worldwide advertising conglomerate off on a search for a new name.

Mr. Saatchi, who was removed as chairman at a board meeting late Friday, was given until early next month to decide whether he will stay at the company that he founded in 1970 after it sheds his name.

Mr. Saatchi, along with his brother, Charles, built a small London agency into a powerhouse through a series of acquisitions on Madison Avenue in the 1980s that earned them the nickname "Snatchit & Snatchit."

He stepped down after the board sided with large shareholders unhappy about his pay package and his role in persistent internal squabbles.

After a nine-hour meeting, the board also announced that it would propose

changing the parent company's name, though no new name was announced. Its main subsidiaries are Saatchi & Saatchi Advertising Worldwide, which would retain its name, and Bates Worldwide Inc.

Robert Louis-Dreyfus, a French businessman who had slashed staff and costs at the company before becoming a non-executive director, also resigned.

A revolt by institutional shareholders, led by the Chicago-based fund manager Harris Associates, pressured Saatchi & Saatchi directors to get rid of the founder. "This is a watershed in the way the company is run from now on," said Carl Spielvogel, a former chairman of Bates Worldwide.

Mr. Saatchi's resignation brought to a close several years of wrangling about his leadership, during which an advertising hero of the 1970s and 1980s had become a magnet for criticism in the 1990s.

Mr. Saatchi, 48, has been given until "early in the new year" to decide whether to accept a greatly diminished role at the

company, according to a Saatchi & Saatchi representative who requested anonymity. He has been offered a ceremonial title of co-president along with his brother, Charles, and chairmanship of Saatchi & Saatchi Advertising Worldwide.

Mr. Spielvogel said he believed Mr. Saatchi would accept the new role. "If he were to leave, he would lose a lot of money," Mr. Spielvogel said.

As British newspapers speculated Sunday that Mr. Saatchi might set up a rival ad agency, Saatchi & Saatchi said it planned meetings with clients — including Mars Inc., British Airways and Mirror Group Newspapers, which had expressed distress over the possible loss of Mr. Saatchi — in an effort to retain their business.

Mr. Saatchi this year agreed to take a cut in pay from \$625,000 (\$977,000) a year to \$200,000. But he also backed a proposal for executive incentives that would have awarded him options based on his former salary, and this upset dissident shareholders. (Bloomberg, NYT, Reuters)

China Arrests 4 Over Losses in Metal Trading

BEIJING — China said Sunday it had arrested four employees of a subsidiary of its flagship investment house on corruption charges in connection with illegal trading that led to heavy losses on the London Metal Exchange.

An official of the investment company, however, said foreign partners had done much to cause the losses, estimated at \$40 million, by extending credit to the traders without informing the parent company.

Two managers and two dealers of CITIC Shanghai Co., a subsidiary of China International Trust & Investment Corp., were charged with corruption and detained, the China Daily Business Weekly said. The report said one of the managers was a former president of CITIC Shanghai.

The newspaper said no domestic subsidiary of CITIC except for CITIC Industrial Bank was allowed to have overseas borrowing and credit facilities.

It also quoted Xu Shiwei, senior adviser to CITIC Shanghai, as saying blame for the losses lay in part with foreign partners who extended credit lines without notifying CITIC.

Brokers said CITIC was seeking a compromise settlement for the losses, which came in copper trading, arguing that it was not wholly responsible.

Mr. Xu said the amount of repayment would depend on talks in London between staff of CITIC Shanghai and foreign counterparts.

The case raises questions about the legal and moral obligation of state-owned Chinese enterprises when trading debts are run up by subsidiaries.

Lehman Brothers Inc. decided recently to take a different route in a similar dispute. In November, Lehman sued two Chinese companies for almost \$100 million over losses incurred in trading foreign currencies and related financial products.

The Lehman case also hinges on the legal obligation of the parent Chinese state-owned company to make good losses run up by a subsidiary.

In a separate article, China Daily said some foreign companies assumed that doing business with state-owned companies meant forging a link with the Chinese government that could be invoked if the investment partner suffered losses.

Liu Zhiben, an official at the Ministry of Foreign Trade and Economic Cooperation, was

quoted in the article as calling this a misconception.

(Reuters, Bloomberg)

Bidder for Bund Building

The Shanghai stock exchange will bid against Hongkong & Shanghai Banking Corp. to buy that company's neoclassical former headquarters on Shanghai's waterfront Bund, Reuters reported from Shanghai, quoting the Xinhua news agency.

The report quoted Wei Wen-yuan, general manager of the Shanghai exchange, as saying the house's facilities were inadequate for the rapidly growing securities market. The Bund, once known as the Wall Street of China, now houses Shanghai's municipal government.

The government is to move to a new building before May 1995, and at least 18 buildings on the Bund are due to be sold.

Beijing Plans Further Easing On Currencies

BEIJING — As part of its plan to loosen controls on foreign exchange, China will make the yuan freely convertible in current accounts by 2000, an official report said Sunday.

China liberalized its currency system at the start of this year to allow institutions with import contracts to buy foreign exchange for trade purposes directly from banks.

Under the planned change, those institutions will be able to buy foreign exchange from banks for nontrade purposes as well, and individuals will be able to purchase limited amounts of foreign exchange for study, travel and visits to relatives abroad.

Controls over foreign exchange in capital accounts will be gradually eased, the report said, but no timetable has been set.

Current accounts cover trade, labor, transportation, tourism and international donations.

Capital accounts cover direct investment, securities investment, loans from international organizations and governments, bank credits and leasing.

(AP, Reuters)

Pentium Flaw: Bigger Than a Breadbox

MEDFORD, Massachusetts — Errors caused by a flaw in Intel Corp.'s Pentium processor are far more likely to occur than Intel Corp. admits but as frequent as IBM claims, two computer magazines have found after conducting their own, independent tests.

PC Week, the leading computer news magazine and its sister publication, PC Magazine, said tests conducted by laboratories at both magazines found that errors can occur on the order of every two months to 10 years when certain kinds of division calculations are invoked.

Intel claimed that an error will occur only every 27,000 years, while International Business Machines Corp. claimed that the typical spreadsheet user could incur an error every 24 days.

Intel is the world's leading maker of processing chips for personal computers, and the Pentium is its top-of-the-line model. Intel chips are used in IBM computers, but the computer maker in alliance with Apple Computer Inc. and Motorola Inc. has developed a new chip, the PowerPC, that competes with the Pentium.

The magazines said their testing found that neither Intel nor IBM portrayed typical user behavior in their claims.

The magazines concluded

that engineers and scientists would probably find the level of possible errors unacceptable, along with most people using a spreadsheet for complex financial calculations. "Most good financial software products will not use the floating-point function, and calculations won't be affected, but users are going to have to talk to their software providers to know them for sure," said Peter Coffee, a PC Week technology analyst.

Intel is facing a rash of lawsuits and mounting complaints stemming from its failure to quickly disclose a flaw in its fastest computer chip. The suits charge Intel with everything from securities fraud to false

advertising to violation of unfair trade practices.

"Intel has such a huge legal budget that its lawyers can probably take care of these in their free time," said Linley Gwennap, editor of Microprocessor Report. "But the fact is, ethically they should have come out with it when they found the bug."

Howard High, an Intel spokesman, said Thomas Nicely, the mathematician who discovered the flaw, is the only person to have confirmed that he encountered the problem in a real-world setting. The chip giant discovered the flaw in the microprocessor last July but kept it secret until November.

Saber-Rattling Helps Russia Ring Up Arms Sales

By Craig Mellow
Special to the Herald Tribune

MOSCOW — Russian arms are on the march again, not only in the breakaway region of Chechnya, but through cash sales to prospective war zones around the world.

Many of Moscow's potential export markets worry the Western powers far more than the fate of the rebel region in Grozny. By the most conservative estimates, Russian arms producers doubled their foreign sales during 1994, to \$4 billion from \$2 billion.

This is a far cry from the peak of \$22 billion recorded by the Soviet Union in 1987, but most Soviet arms "sales" were in fact

donations to client states such as Cuba, Vietnam or Angola.

"Yugoslavia, Iraq and Libya were among the few countries which actually paid us for arms," said Alexander Pilyayev, a scholar at Moscow's Institute of the World Economy. "And they were all cut off by U.N. sanctions."

As Russia receded on the world arms market, America moved forward. U.S. weapons producers racked up 73 percent of all Third World sales in 1993, with orders totaling about \$15 billion.

But this year Russian producers, led by the new export cartel Rosvooruzhenie, made

several counterstrikes deep within American territory.

The most celebrated was a sale of 18 MIG-29 fighter planes, worth an estimated \$550 million, to pro-Western Malaysia. They also reportedly booked a purchase of S-300 anti-missile missiles by Kuwait.

The S-300 is Russia's answer to the American Patriot, which was used during the 1991 Gulf War.

But Russia's most promising growth markets are in countries the West considers less trustworthy holders of advanced weaponry. Moscow is awaiting Iraq's return to the market as a buyer with unconcealed eagerness.

Meanwhile, Russia is helping rearman Iran. President Boris Yeltsin promised President Bill Clinton earlier this year to curtail the sale of advanced submarines to Tehran. But this accord did not hinder a recent deal for 100 tanks and 80 armored personnel carriers.

Western analysts are also wary of Russian intentions in Syria and Libya. "If we have medium-range missiles in Damascus or Tripoli capable of hitting Paris or London, that's going to be a real problem," said Andrew Pierre of America's Carnegie Foundation.

Russia's highest arms client at the moment is almost certainly China, particularly its navy, which Beijing is eager to modernize. Washington's highest concern here, Mr. Pierre

See ARMS, Page 11

Seoul Notebook

Developed? That Depends

Can the world's 15th-biggest economy, with a per-capita income approaching \$10,000, be considered a developing nation? Yes, according to South Korea's president, Kim Young Sam, who lobbied for such a status at last month's Asia-Pacific Economic Cooperation conference in Indonesia. In line with the group's nonbinding agreements, the classification will give the country until 2020 to drop its trade barriers, 10 years later than the deadline for developed nations.

But is South Korea really a developing nation? It is only a year or two away from achieving per-capita income of \$10,000, its gross national product ranks 15th in the world, and in volume of trade it ranks 12th.

In a recent survey of competitiveness by the Daewoo Economic Research Institute, South Korea had a score of 56, compared with an average of 100 for the 25 members of the Organization for Economic Cooperation and Development — a group that Seoul hopes to join in 1996. That score put it just behind Spain, which now ranks 11th.

But South Korea ranked last in that survey in industrial and labor productivity, as well as in transparency of business regulations.

"Korea is a developing nation," said Han Sang Chul, a senior economist at the institute who prepared the report. "The scale of the economy is very wide, but the quality of the economy is very low."

A closer look reveals a sharp dichotomy: Electronics, automobile, shipbuilding, steel and other major export industries targeted by the government as strategic have achieved high levels of competitiveness. But highly protected retail, financial and agriculture sectors are far behind.

"By the year 2010 we'll definitely be a developed nation," said Kim Kyeong Won, a senior economist at the Samsung Economic Research Institute. "But now we're in the middle because of unbalanced development, a legacy of centrally planned development schemes."

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Samsung Electronics, which this year will surpass the \$10 billion mark in exports, hired six foreigners this year, the first ones it had taken on as permanent employees.

"We're trying to become more international," a company spokesman, Lee Meong Woo, said. "We're hoping to learn from them how they think and work."

Employees of SeangYong Securities, however, were unprepared when they read in August that a 35-year-old U.S. citizen had been offered an unheard-of \$1 million to become a director and head of research.

"The amount I make is beyond the pale by Korean standards," said the employee, Stephen E. Marvin, adding that the reported figure "is not grossly inaccurate."

Mr. Marvin said he had a good working relationship with his colleagues and that he showed up at board meetings every few months to make a report (in English). But he acknowledged that behind his back, xenophobic hawks "everybody's watching and looking for a way to trip me up," he said. "I'm totally isolated."

Bankers Hear Stocks' Siren Song

South Korea's banks, slowly emerging from the yoke of government, are finding playing Seoul's soaring stock market more lucrative than bread-and-butter lending.

Seeing opportunity in a stock market that has jumped nearly 20 percent this year, the nation's five biggest commercial banks increased their stock holdings by an estimated 72 percent in the first nine months of 1994, to about 3.1 trillion won (\$4 billion) from 1.8 trillion in September 1993.

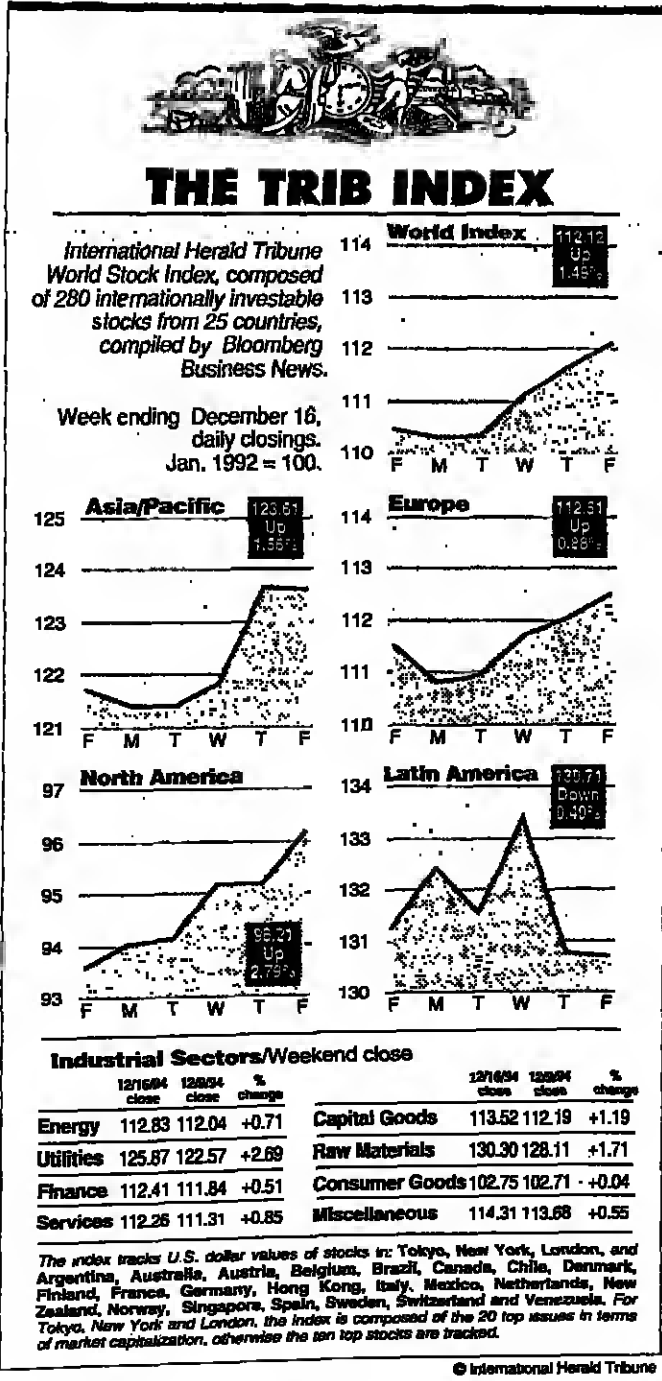
In contrast, growth in lending to companies in won came to just 8 percent in the first six months of the year.

The government, worried about the shift away from bank financing activities to speculative stock investments, and about a credit squeeze on small and medium-sized businesses, has been telling the banks to back off. But the banks, trying to book profits to offset bad loans equal to an estimated 18 percent of total lending, are paying little attention.

While their investments have been profitable so far, there is the inescapable risk that the stock market could tumble. If so, South Korean investors — many of whom assume that banks never lose money on their investments — could be in for a shock.

"The stock market can't go up forever," said Kim Kyeong Won, a senior economist at the Samsung Economic Research Institute. "When it goes down, there will be huge problems."

Steven Brull



CURRENCY RATES

Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$
Australian \$	1.3512	British £	0.6354	Japanese ¥	160.85	Swiss F	1.4658
Canadian \$	0.6354	French F	6.5596	South African R	13.7500	U.S. Dollar	1.0000
Deutsche M	1.3512	German M	1.3512	Taiwan T	24.6361	Yen	160.85
HK Dollar	7.7556	Italian L	1.3512	Thai B	50.3410		
Indian Rupee	46.3590	Japanese ¥	160.85	Philippine P	46.3590		
Israeli S	1.3512	South African R	13.7500	Singapore S	1.3512		
Italian L	1.3512	Swiss F	1.4658	Taiwan T	24.6361		
Japanese ¥	160.85	U.S. Dollar	1.0000	Yen	160.85		
South African R	13.7500						
Swiss F	1.4658						
Taiwan T	24.6361						
Thai B	50.3410						
Philippine P	46.3590						
Singapore S	1.3512						
Yen	160.85						

Source: Reuters. Other rates from Reuters and AP.

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(Continued From Page 8)

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46 Nations Agree to Spur East-Bloc Energy Investment

LISBON — Forty-six nations signed a European Energy Charter on Saturday aimed at stimulating investment in the energy sector in Eastern Europe and the former Soviet Union.

"This treaty sets the foundations for Russia's entry to an international network that will open up our economy and push forward the distribution and sale of our products," Oleg Davydov, deputy prime minister of the Russian Federation, said at the signing.

The document aims to encourage billions of dollars of investment in the

energy sector by compelling the signatories to give foreign energy companies investing in their countries the same financial treatment as they give their domestic energy companies.

It also seeks to encourage free trade and rights of transit and to set up procedures for handling complaints of discrimination against foreign investors.

Mr. Davydov said Russia had decided Saturday to sign the treaty after last-minute consultations about trade in nuclear materials and repatriation of investments from Russia.

He said Russia had wanted to be

sure that the treaty would not force it to adopt quotas on the sale of its nuclear materials such as uranium.

"Today in Russia we don't have any quantitative restrictions on the import of goods," Mr. Davydov said. "We would be against the European Union applying any quantitative restrictions on Russia."

The European Union's energy commissioner, Marcelino Oreja, said trade in nuclear materials between Russia and the EU was covered by cooperation agreements signed in 1989 and 1994.

"The problems related to nuclear

material are excluded from the Energy Charter," Mr. Oreja said.

The United States and Canada have not signed the treaty. The chairman of the conference, Charles Ruten, said they still had questions about its implications for them.

Germany's economy minister, Günther Rexrodt, said, "We in the European Union are keen that the United States should sign the treaty, and during the negotiations we tried everything to facilitate the signing by the U.S."

Separately, American and Pakistani companies signed 18 investment agree-

ments Saturday in Islamabad totaling more than \$2.5 billion for oil, gas and power-generation projects.

The two governments also signed five agreements on research and cooperation in the areas of renewable energy resources and energy conservation.

"These agreements reflect the interest of private industry in America and the interest of the government of the United States in expanding business ties with Pakistan," the deputy U.S. energy secretary, William White, said.

(Reuters, AFP)

SHORT COVER

Malaysian Economy Steams Ahead

KUALA LUMPUR (Combined Dispatches) — Malaysia's economy extended its strong expansion during the third quarter of 1994, recording growth of 8.9 percent, Malaysia's deputy prime minister said Saturday.

The increase in gross domestic product followed growth of 8.3 percent during the previous quarter, said Anwar Ibrahim, who is also finance minister. He said the inflation rate moderated to 3.2 percent, compared with a 3.5 percent rate in the previous quarter.

Malayan Banking Bhd., Malaysia's largest bank, said Sunday it was raising its base lending rate to 6.55 percent from 6.5 percent, effective on Monday. This is the bank's first rate increase in more than two years after nine cuts this year.

(Reuters, AP)

Spanish Retailer Calls In Receiver

MADRID — Galeria's second-largest department-store chain, said Sunday it had filed for receivership with debts totaling 64 billion pesetas (\$485 million).

Galerias, hit by a dwindling market share as well as financial and organizational problems, said it had made the filing Saturday to try to protect jobs.

Nevertheless, more than 3,000 people joined a demonstration by its employees in Madrid on Sunday to protest what the workers called bad business management. Similar protests were held at many of Galeria's 29 stores around Spain.

Galerias, which has nearly 7,500 employees and has gone through several changes of ownership in the past 15 years, has steadily lost market share to the Corte Ingles chain.

In September, a spokesman said Galeria would not survive unless it could refinance its debt and find a new partner or investor to bring in fresh capital.

The company's three main creditors — Citibank, Lloyds Bank PLC and Barclays Bank

The Week Ahead: World Economic Calendar, December 19 - 24

Asia-Pacific	
Dec. 19	Sydney: Merchandise imports for November.
Dec. 20	Hong Kong: Government to issue November consumer price index figures.
Dec. 21	Jakarta: Shares of the agricultural company Danas Agri to list and trade on the Jakarta Stock Exchange from today.
Dec. 22	Bangkok: Thai Airways International stockholders meeting to elect new board.
Dec. 23	Hong Kong: October retail sales figures.
Dec. 24	Taipei: Taiwan's cabinet to release unemployment data for November.
Dec. 25	Bangkok: India: Ten-day National Consumer Goods Fair, organized by India Trade Promotion Organization.
Dec. 26	Palau: Surveys: A paper-mill, to list 47 million shares, priced at 3,200 apiece, on Jakarta Stock Exchange.
Dec. 27	Jakarta: Shares of the clothing retailer Karwell Indonesia scheduled to list and trade in Jakarta from today.
Dec. 28	Jakarta: Shares of the electronics company, to list 6.1 million shares of 4,500 rupiah apiece on the Jakarta Stock Exchange.
Dec. 29	Wellington: New Zealand government forecasts for economy and budget.
Dec. 30	Taipei: Taiwan's Minister of Economic Affairs to release reports on industrial production, manufacturing output and export orders for November.
Dec. 31	Sydney: Motor vehicles registrations for November.
Dec. 31	New Delhi: Prime Minister V.K. Chatterjee to pay four-day visit to
Europe	
Dec. 19	Expected sometime this week: Amsterdam: October producer price index.
Dec. 20	Brussels: December consumer price index. Forecast: Up 0.2 percent in month, up 2.0 percent in year.
Dec. 21	Frankfurt: November wholesale price index. Forecast: Up 0.1 percent in month, up 1.1 percent in year.
Dec. 22	Frankfurt: October current account. Forecast: A deficit of 4.0 billion DM.
Dec. 23	Frankfurt: November producer price index. Forecast: Up 0.1 percent in month, up 2.6 percent in year.
Dec. 24	Madrid: October producer price index. Forecast: Up 0.3 percent in month, up 4.2 percent in year.
Dec. 25	Wellington: New Zealand gross domestic product. Forecast: Up 2.1 percent in year.
Dec. 26	Rome: October producer price index. Forecast: Up 0.5 percent in month, up 4.5 percent in year.
Dec. 27	Rome: October trade balance. Forecast: 7.5 billion kroner surplus.
Dec. 28	Stockholm: November trade balance. Forecast: 1.5 billion kroner surplus.
Dec. 29	Stockholm: November producer price index. Forecast: Up 0.7 percent in year.
The Americas	
Dec. 19	Buenos Aires: IFSA Investors' Survey: A survey of Argentine real estate companies in which hedge fund manager George Soros is the major shareholder, sets the price of its 54 million shares to list on the Buenos Aires Stock Exchange.
Dec. 20	Santiago: Government sale of 67 percent of state-owned shipping company Empresa Maritima SA, or Empemar, the government has fixed a minimum price of \$2.5 million on the shipping company.
Dec. 21	Mexico City: October unemployment rate. The unemployment rate in September stood at 3.5 percent.
Dec. 22	Washington: Federal Reserve Board meeting.
Dec. 23	Washington: Commerce Department reports October merchandise trade and trade deficit.
Dec. 24	San Pedro: Institute for Economic Research, or IFE, to release 30-day inflation rate. Outlook: Inflation likely to slow from 2.57 percent.
Dec. 25	Washington: The U.S. Department of Agriculture to release report on world coffee supply and demand.
Dec. 26	Washington: Third-quarter capital spending.
Dec. 27	Dallas: Greyhound Lines Inc. holds a shareholders meeting to vote on a proposed restructuring. The transaction would eliminate \$89.9 million in debt, giving creditors a 45 percent stake in the company.
Dec. 28	New York: City Council votes on added restrictions to public smoking in New York City.
Dec. 29	Washington: Final gross domestic product growth for the third quarter.
Dec. 30	Washington: Third-quarter after-tax profits.
Dec. 31	Washington: The Commerce Department reports personal income and spending for November.
Dec. 31	Washington: Durable goods orders for November.
Dec. 31	Washington: Employment, earnings and hours report for October.
Dec. 31	Santiago: Central Bank releases monthly indicator of economic activity, for October, a crude measure of the growth in the gross domestic product. Outlook: Expected to rise between 4 percent and 5 percent on an annual basis.
Dec. 31	Mexico City: Gross domestic product report for October.

South Korean Firm to Work in North

SEOUL — South Korea's Ssangyong group has agreed to produce and export cement with North Korea, the South's domestic Yonhap news agency said on Saturday.

It quoted the group's vice chairman, Lee Chou-bom, as telling reporters upon arrival in Beijing after a five-day visit to Pyongyang that his concern would also agree to take part in projects to build free-trade zones in Rajin and Sonbong in North Korea.

Mr. Lee had led a 12-man team to discuss economic cooperation with North Korea, the first South Korean businessmen to visit North Korea since Seoul banned practically all economic contact in late 1992. The government last week allowed Ssangyong and five other South Korean companies to visit North Korea after lifting a ban in November on business trips to North Korea and allowing local companies to set up offices there.

4 Latin States Launch Trade Zone

RIO DE JANEIRO (AP) — The presidents of Brazil, Argentina, Paraguay and Uruguay signed an agreement on Saturday that joined their countries in the region's first free-trade bloc and the world's fourth-largest trade union.

The new Mercosur group, which represents about 200 million people with a domestic product of \$750 billion, will come into effect on Jan. 1 and has been negotiated over the last four years. It follows a decision a week ago by 34 countries to form a hemisphere-wide free-trade union early in the next century.

U.S. Shoe Discusses Sale to Nine West

CINCINNATI (Combined Dispatches) — U.S. Shoe Corp. said that it has conducted confidential discussions regarding the potential sale of its footwear operations in a taxable transaction to Nine West Group Inc.

U.S. Shoe said late Friday that the companies had made "substantial progress" toward resolving many complex issues but that agreement had not yet been reached. Nine West had made an offer in July of \$425 million but it was rejected. (Reuters, NYT)

Vox Reports EC Approval

BONN — Vox Film- & Fernseh GmbH, the German television channel, said Sunday that the European Commission had approved its new ownership structure, under which a subsidiary of News Corp. will become its largest shareholder.

The News Corp. unit News International PLC has 49.9 percent of Vox.

Vox said the owners had taken it out of liquidation and approved a budget for 1995. Vox nearly went off the air but was given a new lease of life when News Corp. got involved.

ARMS: Revived Russian Exporters Double Their Sales

Continued from Page 9

said, involves the transfer of missile production technology.

Russians increasingly see criticism in the West as an excuse to keep them out of markets Moscow desperately needs. "I don't really see how Iran having submarines threatens the United States," said Mikhail Gerashev, a scholar at Moscow's Institute of the U.S.A. and Canada.

The London-based International Institute for Strategic Studies has estimated that Russia's annual arms sales could reach \$15 billion if Iraq, Syria and Libya all go on shopping sprees. Mr. Gerashev put the maximum at \$10 billion, which he called "not enough to save our military complex, but

enough to solve some problems with Russia's own procurement budget."

Such a figure would also be more than twice what Russia received in Western aid this year, weakening the most concrete incentive for what America and its allies consider good behavior.

The ongoing shift in Russia's priorities was obvious when the World Bank president, Lewis

Preston, visited recently to announce new aid commitments. Foreign Minister Andrei V. Kozirev had little time to spare for Mr. Preston since he had commitments with his Iraqi counterpart, Tariq Aziz.

Mr. Yeltsin had a more important engagement as well. He flew to the city of Izhevsk to celebrate the 75th birthday of Mikhail Kalashnikov, the inventor of the world's all-time best-selling rifle.

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WORLD STOCKS IN REVIEW

Amsterdam

Prices edged higher in moderate trading, with the EOE indicator up 0.69 point, to 408.38.

Fokker slid to 11.20 guilders from 14.50 following a downward revision of earnings forecasts for 1994.

DSM, the chemicals company, was up 0.8 percent after reports that year profits were set to top 400 million guilders.

Frankfurt

An optimistic earnings projection by Siemens gave the market a boost late in the week. The DAX index gained 2.06 percent, ending at 2,070.06 points.

Thursday accounted for much of the rise after Siemens said it saw profit moving ahead 20 percent in its current financial year, to 2 billion DM. Siemens stock was up 37.50 DM for the week, ending at 637.50.

Meanwhile, Daimler was up 7.50 at 747, Volkswagen progressed 9.50 to 423 and BMW rose 10 to 748, Allianz gained 61 to end at 2,499.

But bond prices weakened, with the average yield on government issues ending Friday at 7.39 percent, up from 7.31 percent the previous week.

Despite lagging consumer demand in the run up to Christmas, retailers Kaufhof and Karstadt gained 25 to 457 and 14.50 to 559, respectively.

Hong Kong

Prices jumped during the week on strong selective buying from overseas institutions looking for cheaper shares after earlier free-falls.

The barometer Hang Seng Index gained 377.32 points, closing at its week's high of 8,166.39 on Friday.

Swire Pacific A gained 1.70 dollars at 46.80 dollars, Cathay

Pacific Airways added 50 cents at 10.90 dollars and Hongkong Land rose 35 cents to 15.50.

London

The Financial Times-Stock Exchange 100-share index 36.3 points during the week, or 1.2 percent, to close at 3,013.6 on Friday, as investors overcame inflation fears.

Although the market took the surprise 0.5 point hike in interest rates on Dec. 7 in stride, traders appeared to fear another rate rise at the beginning of next year as inflationary pressures increased.

The market was taken by surprise Thursday when S.G. Warburg announced that discussions on a possible merger with Morgan Stanley had been terminated. Warburg promptly slumped 70 pence to 713.

Milan

The Mibtel index rose 97 percent, to 9,704 points, leaving the political crisis threatening the position of Premier Silvio Berlusconi behind.

Investors were encouraged by Mr. Berlusconi's ebullient resistance to moves within the opposition and in his own coalition to replace him as well as by strong foreign demand.

Fiat rose 240 lira to 5,720, while Olivetti ended up 8 at 1,940 and Telecom Italia moved ahead 169 to 3,875.

Paris

A falling franc pulled down stocks, and the CAC-40 index lost 0.6 percent, ending at 1,924.16. Dealers forecast the year would end with the index down from the 2,268.22 at 15 percent it began 1994, which it began 1994.

The franc fell after European Commissioner Jacques Delors announced he would not stand for the French presidency.

Tokyo

Prices rose in line with an advance on Wall Street and a stable dollar-yen exchange rate. The 225-share Nikkei Stock Average closed at 19,163.43 points, up 185.13 points, or 0.97 percent.

Zurich

Zurich finished upbeat with the Swiss Performance Index adding 11.46 points to end at 1,706.68, a rise of 0.6 percent.

Dealers said the market had been boosted by the recent strength of the dollar, but many investors were sitting on the sidelines to await the post-holiday period, analysts said.

Among banking issues, UBS slipped 25 francs to 1,085, but SBS rose 8 to 363 and CS Holding was also up, rising 22 to 546.

In the insurance sector, Zurich ended down 3 at 1,272 and Winterthur lost 5 to 667.

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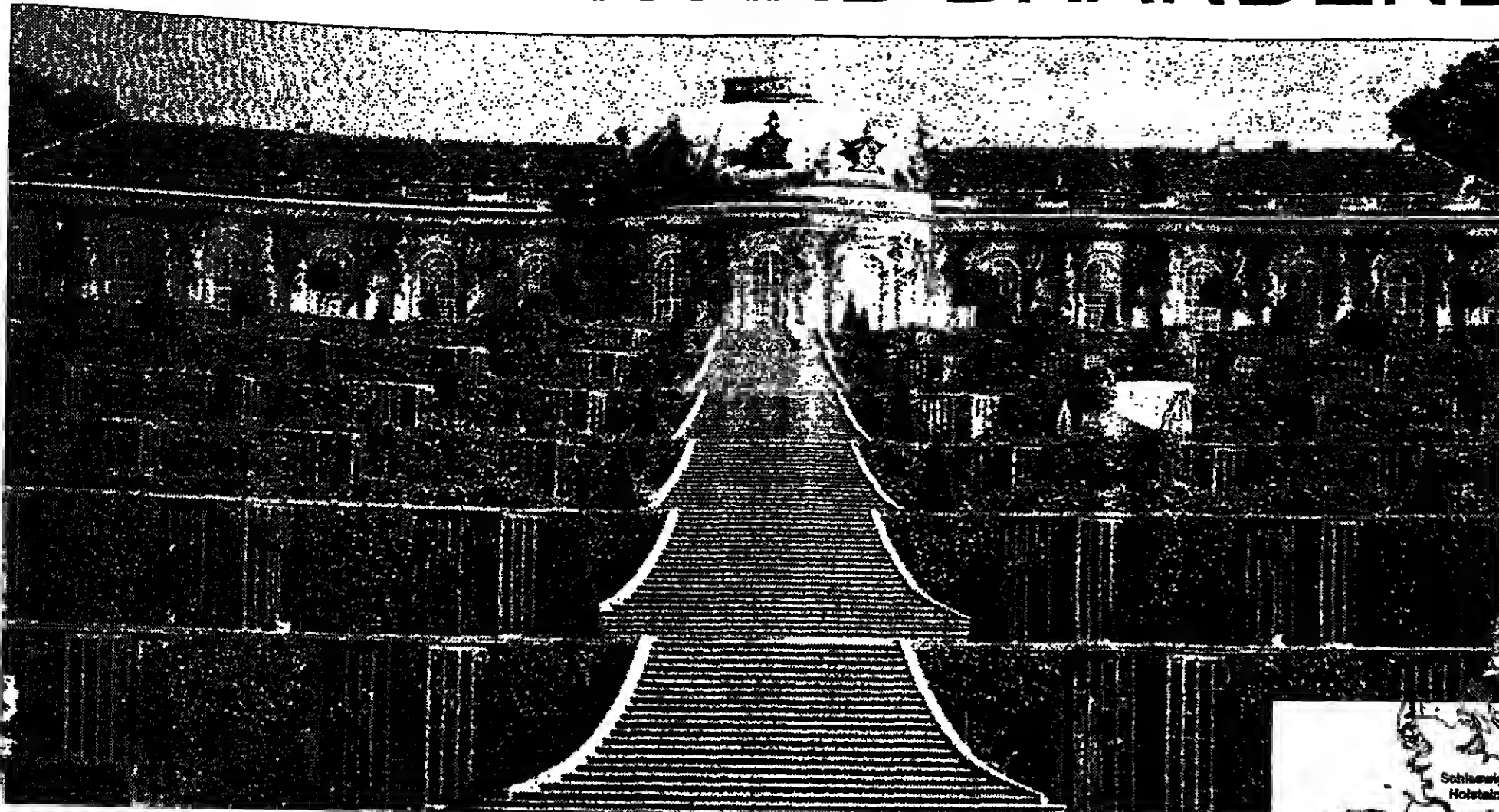
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Algeria	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	1,001	
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صَدَقْنَا مِنَ الْإِسْلَامِ

BERLIN AND BRANDENBURG



A step at a time: Berlin and Brandenburg are moving ahead as Germany's capital region. Above: Frederick the Great's Sanssouci castle in Potsdam.

The state of Brandenburg, powered by an 8 percent growth rate, is quickly maturing into one of Europe's most advanced economies. Berlin, once regarded as an aging city with an aging population, today has an unexcelled number of young companies, recently launched development parks and newly arrived talent. Their growing business, institutional and personal ties are integrating the two states, forming one of Europe's most vital regions — now becoming the home of Germany's federal government.

AFTER THE TURNAROUND, BRANDENBURG TAKES OFF

The cumulative figures speak of rapid growth in this four-year-old state.

Brandenburg's economy is heading toward an 8 percent increase in 1994, an all-time record for the state. At latest report, the state's industrial sector was leading the way. Its output was up 10.7 percent, with orders showing an overwhelming 26 percent rise. A corresponding growth in the state's industrial work force has caused the number of unemployed in the state to drop 16 percent over the past year.

Also very encouraging for the state's economic policymakers is the 14 percent rise in exports in 1994, including a jump of 49 percent in those to industrialized Western countries. Record totals of orders on hand is just one reason why 93 percent of all industrial companies in Brandenburg — a record for Germany — expect to register increased sales in 1995, according to a survey just released by Cologne's Institut der Deutschen Wirtschaft.

Cumulative effects

These broad-scale, substantial increases, points out Burkhard Dreher, the state's minister of economic affairs and technology, "represent the sum total of hundreds of radical transformations of individual industries and individual communities."

Nearly all of these transformations have been far more difficult and complex than the simple overall figures and relatively short time spans would suggest.

Originally, the verdict from outside observers was clear: in the postunification period, Frankfurt an der Oder would be a "subsistence case," surviving on the transit traffic passing through the city on its way to and from Poland, and on its engineering and construction activities, long a specialty of the city. Frankfurt an der Oder was not expected to flourish, and certainly not to become one of Europe's budding centers of innovation in ICT (information and communications technologies).

In fact, Brandenburg was not expected to have an ICT sector at all. The conventional wisdom of the early 1990s foresaw a few satellite operations surviving on subsidies in Dresden and Erfurt — and nowhere else in Germany's new states.

What really happened

Today, in a first for all of Europe, new, ultra-efficient ASSET (all spacer separation element transistor) bipolar transistors for silicon-based chips are coming from SMI System Microelectronic Innovation GmbH, a company successfully retooled in 1993. Some 49 percent of SMI's equity is held by Synergy Semiconductor Corporation (Santa Clara, California). Frankfurt an der Oder's Institut für Halbleiterphysik (institute for semiconductor physics) has come up with revolutionary new ways of patterning and designing silicon for use in chips. A locally based company, Softwarehaus Dr. Maye, has developed a highly promising "image manager" for use by the police force and insurance companies.

Also in Frankfurt an der Oder is a flourishing measurement technologies sector, whose electronic-based products are used in a wide variety of industrial applications.

In one way, Frankfurt an der Oder has lived up to earlier expectations. It has become a specialist in promoting German-Polish relations, partially thanks to the founding of its binational Europa University Viadrina, of its binational University of Applied Sciences, currently the newest university in the new states, and one of eight institutes of higher learning founded or reorganized in Brandenburg over the past five years.

Also new in Frankfurt an der Oder is an international business park and a world trade center. This city's metamorphosis illustrates a statewide pattern, according to Manfred Stolpe, Brandenburg's prime minister (governor), that shows "a willingness by both the government and the people of this state to take on adverse situations and turn them around."

Nor are the state's ICT activities confined to Frankfurt an der Oder. Mobile telephone networks, devices and related services are booming in Germany. Many of the country's 2.3 million mobile telephones (a number set to double over the next two years) are now getting better reception, thanks to a SAW (surface acoustic wave) intermediate filter developed by Teltow's Tele Filter GmbH. Other examples of Brandenburg's IT industry include a hard disk testing center in Schwane.

The sum total of these innovations, new companies and rebuilding communities is a bald statistic — the ICT and electronics sector's turnover is now up 49 percent over the previous year's.

One more simple statistic — a 20 percent growth in the turnover achieved by the state's chemical sector — reflects another complex turnaround, this one centered on such communities as Schwarzheide, located at Brandenburg's southern tip.

The investment miracle

In 1990, Schwarzheide was facing a situation common to a dozen communities in Brandenburg. It had an aging industrial stock and a sprinkling of newly founded companies, an uncertain economic future and a definite problem with industry-caused damage to its environment.

Then came BASF, one of the world's four largest chemical companies, which decided to invest 1.3 billion Deutsche marks (\$826 million) in the building of 10 production facilities in the city. Overnight — or so it seemed — Schwarzheide had an economic future and tax revenues to devote to its environment, and Brandenburg had a large piece of a new chemical industry.

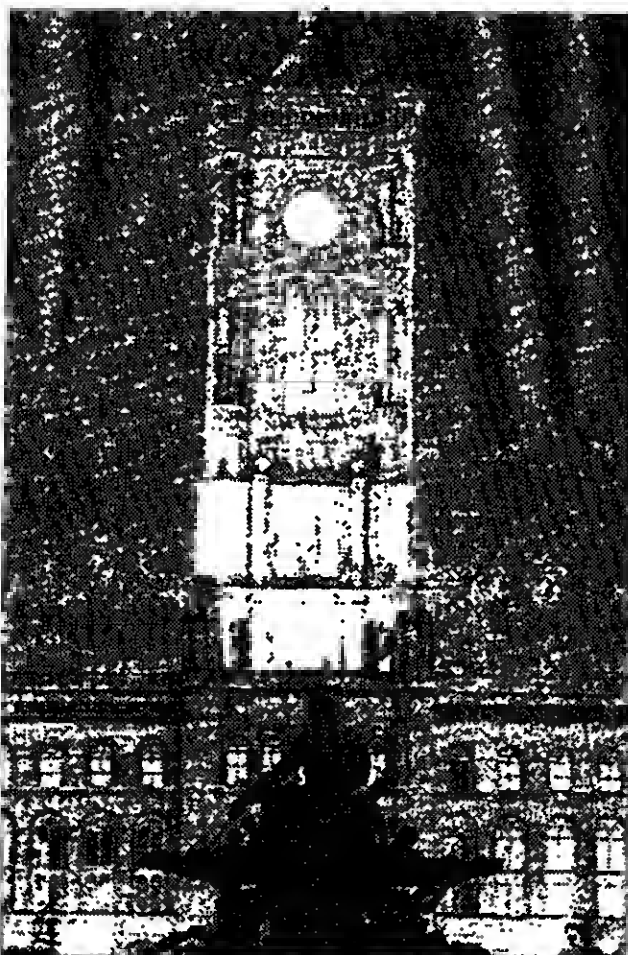
That is the way it looked from the outside. In fact, remembers Mr. Dreher, who was involved in the process from the state government side, the negotiations setting up the investment involved assembling thousands of facts and figures into proposals for BASF to consider. After the company decided to invest in Schwarzheide, the state's business developers had a new responsibility: fast-tracking various approval processes through ministries and authorities that had not existed a few months before.

Getting it done

This speed and efficiency of business development in Brandenburg is mentioned approvingly in a recent issue of *Impulse* magazine, which lauds the state's "get it done" attitude. This attitude caused some 17.8 billion DM (according to a conservative estimate) in private-sector investment to flow to Brandenburg in the period 1991-93.

To find out why this figure is expected to amount to 5.3 billion DM in 1994, up 8 percent over 1993's figure, it is necessary to follow what has been going on after the first wave of investment in Brandenburg came to an end, and return to Schwarzheide.

The first of BASF's 10 facilities at Schwarzheide was completed in November 1993, with three more following. While



The Berlin Senate, in the Rotes Rathaus, the "red town hall."

PROGRESS TOWARD 1999 UNIFICATION



Berlin's governing mayor, Eberhard Diepgen.

On the pace of the unification of Berlin and Brandenburg and that of the relocation of Germany's federal government to Berlin:

"Everybody has had the feeling, at one time or other, that both processes could be — should be — unfolding much more quickly. At those times, it's a good idea to step back and consider the import and impact of these processes. What's involved is the relocating of the government of one of the world's leading countries and the joining of two federal states — a first for modern Germany. In view of what is at stake in both these processes, the taking of time for a bit of careful consideration and detailed discussion is inevitable, and perhaps not inadvisable."

However, discussion and deliberation does not at all imply delay. Neither process is behind schedule. The joining of Berlin and Brandenburg will take place, as foreseen, in 1999. Before then, the parliaments and the residents of both states will have voted on the draft treaty of union.

"To perform its many operations and handle its many responsibilities, the federal government will require a large stock of buildings, extensive transport infrastructure and a wide variety of services. All of these are currently being constructed, revamped or procured. Everything will be in place in Berlin by 1998, when the two-year process of relocation is set to start."

On where Berlin stands now:

"Anybody who has walked through Berlin and seen the construction sites, the newly completed buildings and the new stores and companies knows that Berlin is the focal point of the unifying of Germany — and I mean this both physically and psychologically. Anybody who was in Berlin in the old days, the days in which a wall divided us from each other, knows how very far we in Berlin have already come. Anybody intending to completely rejuvenate this city, to give it a new flexibility and modernity — and that is very much the objective of this government — knows how very much there still is to be done."



The City-State of Berlin
Area: 883 square kilometers
Population: 3.5 million
Mayor: Eberhard Diepgen

The State of Brandenburg
Area: 29,059 square kilometers
Population: 2.6 million
Capital: Potsdam (139,000)
Other major cities: Cottbus (129,000)
Brandenburg (90,000)
Frankfurt an der Oder (85,000)

MANY ACCOMPLISHMENTS, AND MUCH MORE TO BE DONE

Born in 1936, Manfred Stolpe has served as Brandenburg's prime minister since the state's inception in October 1990. In 1994, he was re-elected with a 54 percent of the total vote. After having studied law, he spent 30 years serving East Germany's activist Protestant church, rising to head the church's council for the Berlin-Brandenburg region.

At what stage is the unification process between Berlin and Brandenburg?

With one exception, the only problems remaining are psychological ones. The negotiating teams from Berlin and Brandenburg have made great progress toward resolving a whole range of complicated, practical issues, ranging from the staffing of the new state government to various local/state divisions of power. The exception is the exact apportionment of federal revenue-sharing funds on the municipal level, and even in this area, there are no insurmountable obstacles to be overcome. The psychological ones include concerns known all over the world. Communities outside a large metropolitan area — and greater Berlin has some 4.5 million residents — are afraid of coming under its sway, of its numerical might. This is very much a concern in rural Brandenburg.

Other problems are specific to Berlin and Brandenburg, and are products of our unique history. After being an integrated region, Berlin and Brandenburg were partitioned into separate areas by the Cold War. Each of these areas gradually formed its own local culture and identity. We are noticing the results of this rift today, in the lack of perception of a common fate and of common ground. Both state governments have been working to

allay these fears and forge links between Berlin and Brandenburg.

What does this entail?

The process of the unification of Berlin and Brandenburg has generated a healthy, cathartic amount of debate and controversy. Many of the questions brought up during these discussions have been addressed and laid to rest through the reaching of bi-state agreements, creating a further impetus toward unification. The two states' politicians have eradicated many prejudices and alleviated a number of worries by simply visiting the other state, and engaging its citizens in dialogue. The process of unification has been given repeated boosts by its two strongest allies: the rapidly transforming economies of Berlin and Brandenburg.

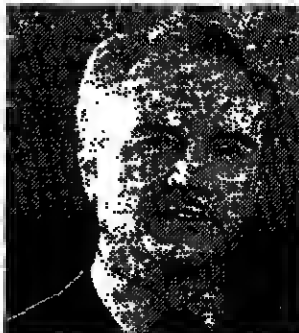
practical form of unification.

Perhaps the greatest force for unity is a simple fact: We in Berlin and Brandenburg are now very well-acquainted with each other and with each others' state. Students commuting from Cottbus to Berlin, teachers relocating from Berlin to Cottbus, tourists from both states going everywhere in both states — there is now a tremendous amount of mobility of occupation and recreation within Brandenburg and Berlin, and that mobility is breeding familiarity — and trust.

What time frame are you now projecting for the completion of the process of transformation?

Its sheer scope and complexity mandates that it won't be before the end of the decade that the main phase of this transformation will be complete.

Manfred Stolpe: "Brandenburg's rapid growth has dispelled fears in Berlin of being saddled with a needy 'poor relation,' and in Brandenburg of being dependent upon Berlin's largesse."



Brandenburg's rapid growth has dispelled fears in Berlin of being saddled with a needy "poor relation," and in Brandenburg of being dependent upon Berlin's largesse. More important, the transformation has spawned thousands of new companies in both states. These companies have been actively seeking partners, suppliers and distributors, often finding them in the other state. The number of these bi-state business relationships is mushrooming. Every day, these bi-state partners engage in a very

This process will never be entirely concluded. In this regard, Brandenburg is no different than anywhere else in today's world. While Brandenburg has been accomplishing four decades of catching up within four years, the outside world has kept on developing, and will continue to do so.

The most encouraging aspect of Brandenburg's situation is that its centers of transformation feature mixes of products and services and employ technologies already on a par with those found in the world's advanced areas.

"BERLIN AND BRANDENBURG"

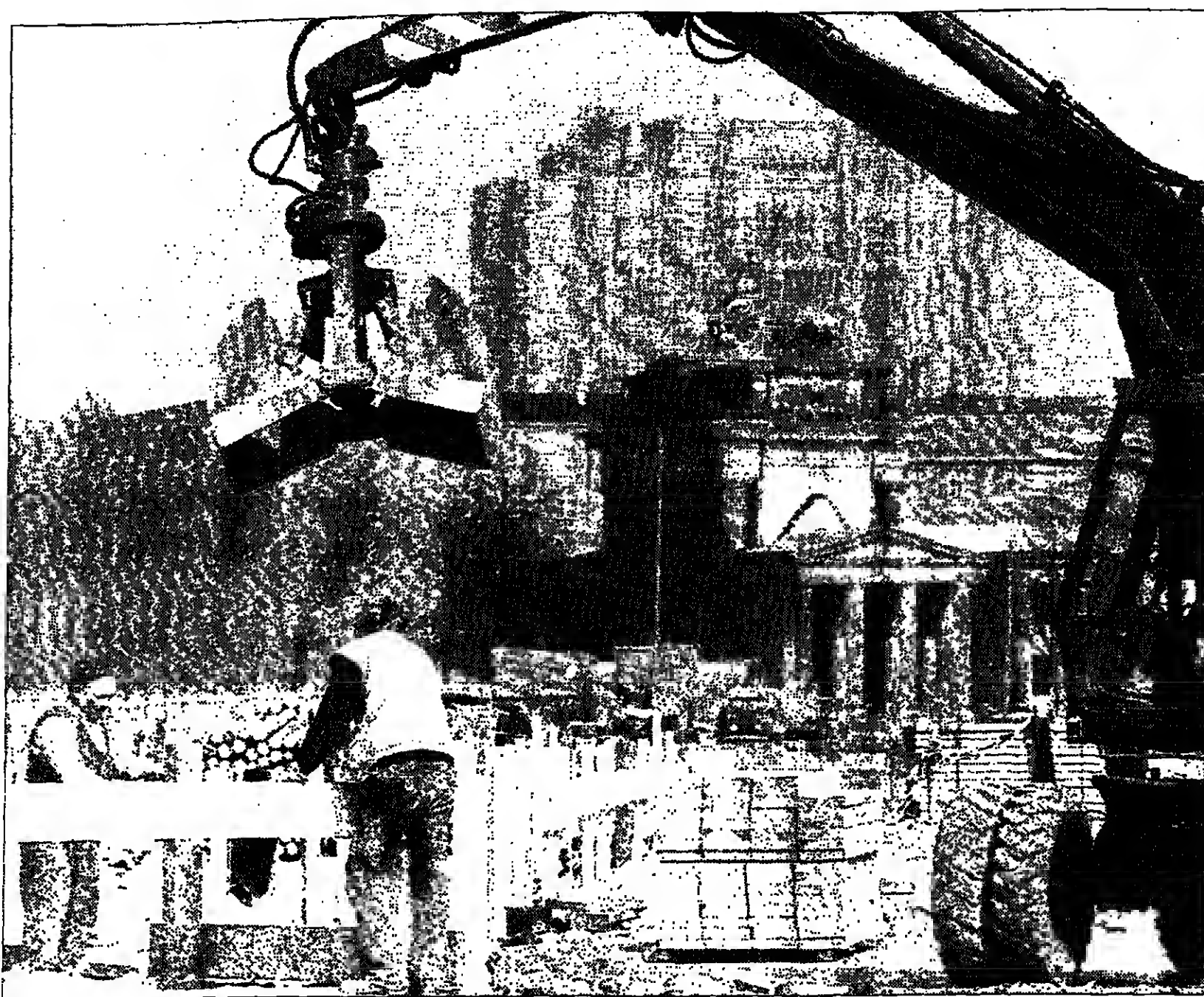
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Writer: Terry Swartzberg is a business writer based in Munich. PROGRAM DIRECTOR: Bill Mahler.

Continued on page 14

SPONSORED SECTION

GERMANY: BERLIN AND BRANDENBURG

NOT A SUBJECT OF DEBATE:
BERLIN'S GROWING DYNAMISM

To what extent will The Move transform Berlin's economy and cityscape?

Every detail seems to be the subject of debate: Will the relocation of Germany's federal government involve a net transfer of 7,000 or 16,000 officials, a cost of 24.9 billion DM, a total of 350,000 or 450,000 square meters in office space — and will it be completed by 2002 or 2005?

Another subject of speculation is the size of the relocation's multiplier.

According to a study undertaken by Bankgesellschaft Berlin AG, the move will probably generate somewhere between 151 billion DM and 318 billion DM in additional investment in greater Berlin's economy. It should produce between 251,000 and 408,000 permanent jobs. All of these forecasts are, in turn, based on a variety of scenarios and assumptions.

Getting down to business

While the forecasts fly and preparations for the event itself continue, the reconstruction of the city-state's business base is proceeding systematically and rapidly, as is the economic unification of the city's two halves.

Says Eberhard Diepgen, Berlin's governing mayor: "The progress achieved during the last four years has arisen from a successful division of responsibility between the public and private sectors, both of which have spent the last five years planning, investing and learning. The public sector's activities have yielded modern transport and telecommunication systems and infrastructure and dozens of innovation centers and technology parks. Using and filling them have been our city's resurgent private sector and its newly founded or newly re-engineered companies with their newly built or re-equipped factories and office buildings."

Investment in infrastructure has been massive. Four years ago, a 60 billion DM program to upgrade Berlin's mass transit, roads, railroads, telecommunications and power and water supply networks was launched. Along with this investment came a great improvement in the quality of the city's environment. Today, Berlin's levels of air pollutants are one-third to 85 percent below those of 1989; notable exceptions are ozone and benzol.

Breakthrough technologies

This has spurred a huge renewal of the private sector. "Some of the newest and most exciting products issuing from the city are being manufactured by the medical technologies, materials handling and electronics sectors — all longtime corporate mainstays in Berlin," says Mr. Diepgen. "It's getting difficult to find a production facility in Berlin that hasn't been either recently built or revamped. That's the biggest change over five years ago, and it applies equally to East and West. Today, both the city and its economy have an entirely new look."

Part of this new look is a surge in the service sector. In 1993, Berlin's business services sector had revenues of 40.3 billion DM, up 23 percent over two years earlier — and that in a time of international recession. Aside from items strictly related to the move (such as the dramatic increase in turnovers

from international wire services now based in Berlin), most of this increase has ensued from "parallel trends in both halves of the city," as Mr. Diepgen puts it.

The service sector was underrepresented in each part of the city, Mr. Diepgen points out. "Metropolises generally function as service centers for their hinterlands, and that's something West Berlin didn't have for four decades. East Berlin was shackled by East German rules and regulations. Today, both situations have completely changed. Talented people from all over Germany are flocking to all parts of our city, indisputably the most lively and enlivening one in the country. They've been founding or joining advertising agencies, finance houses and architects' offices. Many of their partners, bosses or employees are our city's local talent. They, too, have been making full use of the new opportunities."

Growth sectors

The fastest-growing area of the service sector has been in such relatively unglamorous but highly productive areas as the skilled crafts, construction and environmental technologies sectors.

Berlin's skilled crafts operations now employ a quarter of a million people, 45,000 more than three years ago.

The newest breed within the service sector is the project contractor. These multiservice providers coordinate and carry out the building of entire integrated infrastructure systems and production facilities. Behind the proliferation of contractors is their ability to draw on Berlin's clusters of expertise, which range from civil engineering to jurisprudence to production technologies.

"Many observers have called Berlin — and specifically its Western half — the great creator for much of Germany's new states," reports Mr. Diepgen, "because of the 170,000 people commuting into West Berlin every day from outside the city. But I call the new states Berlin's job creator, because an increasing amount of our technical services companies are living from work in the East."

A turbulent five years

"Conversion. Privatization on a massive scale of state-run enterprises and the creating of a new business base in the East. The renewal of a mature business base in the West. The end of wholesale federal financial support for the city," says Mr. Diepgen, checking off the list. "Berlin has experienced, confronted and mastered each of the individual problems arising from Germany's unification and from Europe's ongoing integration, plus a few all our own. As the latest figures in Berlin's GDP, industrial production and export figures detail, the turnaround has started, and a period of long-term growth is presumably at hand."

He adds: "Whether our growth in 1995 is 2 percent or 4 percent, whether we create 100,000 or 200,000 jobs next year, there is one thing we've already achieved. We've proven that a city can stay livable while putting itself through a top-to-bottom re-vamping."

TAKEOFF
OF STATE

Continued from page 13

work on the others is rapidly being completed, a follow-up facility has issued from the drawing board.

This 100 million DM facility, also located in Schwarzhof, is owned by BASF and the U.S. General Electric. It will start producing plastics for the automotive and capital goods industries in 1996.

Another example of follow-up and second-stage investment is BMW Rolls-Royce, which is now building a second, 240 million DM facility for the production of jet engines in Dählwitz.

Sleek new facilities

Almost all the newly completed industrial facilities are inconspicuous low-rises, generally clustered in neat, new business parks, mostly out of sight of the casual traveler.

What catches the traveler's eye are the splashy spreads of shopping malls and hotels, blocks of perfectly restored apartment buildings and ribbons of freshly paved roads found throughout the state.

This ongoing transformation of the state's "capital stock" has found due expression in official statistics, which are reporting a 29 percent rise in the construction industry's turnover in 1994. A 26 percent increase in orders means that 1995's figure should remain at this high level.

This transformation has reworked the business bases of such small, enterprising cities as Cottbus, Brandenburg, Eisenhüttenstadt and Wittstock, which have become centers providing nearly every imaginable kind of engineering, construction and other technical services.

Business development

Brandenburg features an exceptional depth and breadth of business development activities. Wirtschaftsförderung Brandenburg GmbH serves as the link between the state's economy and the international business community.

An additional 22 development corporations work on securing investment for their particular communities and regions — by far the largest number of such organizations in any of Germany's new states. For prominent members of the state's business, scientific and cultural communities wishing to participate directly in furthering Brandenburg's development, there is Pro Brandenburg, a vehicle for consensus-building.

MORE RESEARCH CENTERS,
HIGHER TECHNOLOGIES

Former industrial sites are being transformed into high-tech centers.

The ever-growing state of state-to-state agreements and flows of commuter traffic have gotten the lion's share of attention, but it is actually on the company-to-company level that the unification of Berlin and Brandenburg is finding its fullest and most significant expression.

At least, that is what recent studies are reporting. According to their findings, 70 percent of Brandenburg's companies now have close working relationships with companies in Berlin, and 50 percent of Berlin's

companies have similar arrangements in Brandenburg. Fully one-seventh of both states' industrial sectors have made major investments in the other state, according to a report issued by local chambers of commerce.

To further these ties, the states hold joint "suppliers' exchanges," in which producers get together with potential suppliers in the region and award bi-state innovation prizes.

They have also set up bi-state redevelopment authorities and various development funds.



The look of Berlin in the 1990s: ever since the Wall came down, new buildings have been going up. An estimated 100,000 to 200,000 new jobs will be created in the city next year.

MORE RESEARCH CENTERS,
HIGHER TECHNOLOGIES

Former industrial sites are being transformed into high-tech centers.

In the early 1980s, Germany's business community began reading about a new idea in business development: a former industrial site's being turned into a technology center. The first of this species was the Berliner Innovations- und Gründerzentrum (BIG), located in the city's Wedding district. Shortly thereafter, the world also began to hear tales of highly interesting products from absolutely unknown companies, a large number of them based in Berlin.

Since then, and especially since the reunification of the city, the number of technology centers and technology companies has multiplied. At latest, informal count, there were four major technology parks, 250 research and technology development centers and 21 industrial areas undergoing various forms of technological redevelopment in the city. All told, 50,000 people are employed in the city's R&D sector.

More where that came from

Additional centers are in the pipeline. Under construction in Eastern Berlin's Marzahn and Pankow districts are two centers that will each have 30,000 square meters of space and house more than 70 high-tech companies. Both are set for completion within two years.

Each of these centers represents an abundance of business struggles and innovative successes. Take Eastern Berlin's WF. Television tubes are still being made at Werk für Fernseh-elektronik, to give WF its proper name. In fact, the facility's new owner, Samsung Elektronische Bauelemente GmbH, is now producing just under a million of them a year. When the South Korean company's 195 million Deutsche mark (\$124 million) investment program has been completed, the output will rise six-fold.

Samsung could not employ most of WF's R&D staff, or use more

than a fraction of its site. As a result, also now located on the former WF site are a slew of young, creative companies, all of whose activities have something to do with television technologies.

Technological spin-offs

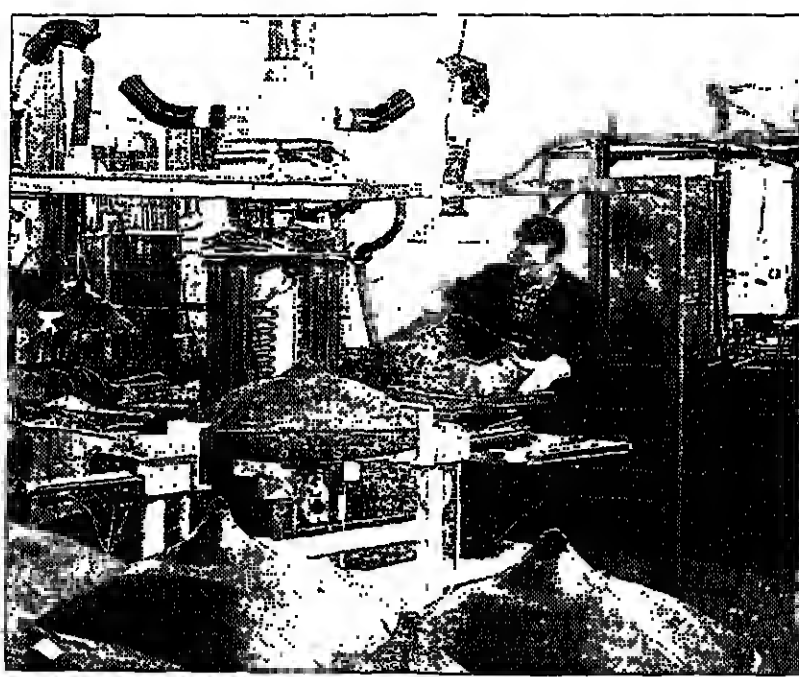
One of them is Vicor GmbH, which uses an ingenious mix of brute force and fine chemistry to recycle television and computer monitors, LCD displays and other highly polluting electronic devices.

Showing an uncommon sense for the bottom line, Vicor earns a good living carrying out its recycling on a per fee basis for end users. The company also provides recycling services for some of Germany's major computer producers, which are now required to take back used devices and dispose of them in an environmentally friendly way. Vicor has also successfully franchised its technology to a number of electronic recycling parks in the new states.

OSA Elektronik GmbH is one of Vicor's neighbors at WF. Like Vicor, OSA is a successful management buyout, and also like Vicor, OSA's main startup capital was the stock of ideas in its founder-owners' heads.

OSA's Wolfgang Eibner and Wolf Albrecht had an interesting idea: using ultra-efficient, low-power-consuming optoelectronic diodes to illuminate building numbers, doctors' office signs and other hard-to-see items. Today, this idea has become a staple of Berlin's residential neighborhoods, much to the delight of eyesore pizza deliverers, doctors making emergency calls and strangers trying to find their way around. The success of its product has allowed OSA to quadruple its work force and to win a major German prize for innovation.

IRMA (infrared motion analyzer) counts people — people entering buses or bank buildings or moving



New technologies include recycling TV tubes and computer monitors.

around train stations or even discos. Thanks to its use of advanced infrared-based cameras, IRMA does this more accurately than any other device on the market. Using models formulated on the basis of IRMA's data, mass-transit system operators know how many buses to employ at various times of the day, and banks can see how to deploy their tellers to best advantage.

The end of the crowd as we know it? "Perhaps, if enough IRMAs are sold," says Renate Karl, head of marketing at iris-GmbH, the systems producer. The company, which is reporting "strong market interest," is also located on the former WF site, as is a technology transfer marketing group and an institute for research into plasma technologies.

Big, and getting bigger

While its offspring have been growing more and more numerous, BIG itself has been getting bigger. BIG and its twin, Technologie- und Innovationspark Berlin (TIP), now have 60,000 square meters of space housing more than 60 young high-tech companies, with another 30,000 square meters being used by various research institutes. The institutes' funding comes from the more than

2.4 billion DM spent annually by Berlin's public and private sectors on research. All told, 2,000 people work at TIP and BIG, whose collective output of goods and services came to 250 million DM in 1993.

The biggest of all centers is the sprawling Science and Technology Park in Adlershof, whose 76 hectares (190 acres), located in Eastern Berlin's Treptow district, once belonged to East Germany's Academy of Science. At latest report, Adlershof is set to house 140 companies and 15 national centers of research, and has been budgeted to receive more than 10.7 billion DM in capital investment over the next decade.

Some 4,000 scientists and technicians work at Adlershof today, with that number forecast to more than triple once all the facilities currently under construction have been completed. The largest of these is BESSY (Berliner Elektronenspeicherring für Synchrotronstrahlung) II, the 195 million DM synchrotron. Also under construction is a center for innovation into optics, optoelectronics and laser technologies. Recently completed at Adlershof was a major (12,000 square meters) technology development center.

CONVERSION SITES
ATTRACT BUSINESS

Multinationals thrive in ex-military locations.

The Wünsdorf site, 25 kilometers south of Berlin, is one of the largest conversion projects in the new states. It occupies 6,600 hectares and features five communities capable of housing 5,000 people and 1,000 office and production buildings with space for 5,000 workers. It also has enough casinos to make central Brandenburg the next Las Vegas or Atlantic City, plus hospitals, airfields, telecommunication systems and other standard facilities.

One hundred and fifty international companies recently attended an introductory meeting on Wünsdorf, with eight already advancing plans for portions of the site. Furthering those plans is the job of a steering committee composed of representatives from a wide variety of local and state bodies.

Wide-ranging interest

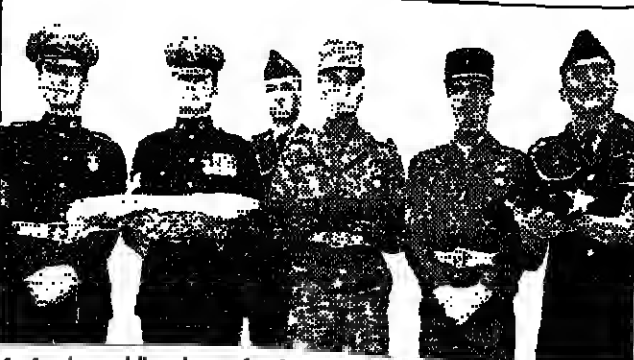
A large portion of these investors are from abroad, with Scandinavian and American firms predominating. One foreign-owned company already active in conversion in Brandenburg

is R&D Tec. This subsidiary of Maryland's EAI Corporation has signed a preliminary contract to decontaminate, renovate, redevelop and market conversion sites.

The sites are under the control of Brandenburgische Bodengesellschaft, the state-owned corporation charged with the transformation of 320 areas (covering 96,000 hectares) formerly belonging to the Soviet West Army Group, about four-fifths of the total "conversion area" in the state.

As this example shows, the internationalization of Brandenburg's economy is attaining new dimensions. According to a recent unofficial count, non-German companies have made more than 120 major investments in the states, with several hundred more setting up everything from gourmet restaurants to law offices and translating services.

"There is virtually no area in which foreign companies are not to be found in the state," says Burkhard Dreher, the state's minister of economic affairs and technology.



As foreign soldiers leave, foreign investors arrive.

GERMANY: BERLIN AND BRANDENBURG

DEVELOPMENTS IN THE BERLIN RING

Around the city are large factories, small communities, new innovations and time-honored nature preserves.

The Berlin Ring has 28 business and distribution parks and centers, some of them among the largest in Europe. The Ring also has dozens of newly completed industrial facilities, many with investment amounts denominated in hundreds of millions of marks.

Despite this, the Berlin Ring is not a monoculture of large-sized companies and large-sized investments. In fact, it is not a monoculture at all. It is home to hundreds of small, highly innovative companies and dozens of enterprising communities.

Taking its name from the city's encircling belt-line, the Berlin Ring is also interspersed with dozens of self-starting villages, which are capitalizing on urbanites' wish to live in rural settings. Most of all, the Ring, which encompasses everything from Berlin's city limits to the last patches of development 30 to 50 kilometers outside, is the venue for newly created nature preserves, golf courses, amusement parks and other accoutrements of the well-rounded life.

Booming industry

The Dahlewitz area and its large-scale, high-profile facilities are what people have in mind when speaking about the "boom along the Berlin Ring."

In Dahlewitz itself is BMW Rolls-Royce's 200 million DM jet engine production facility (in operation since May), with another, equally large facility and a new family of "whisper jets" reportedly the quietest in the world in their class — in the works.

To Dahlewitz's immediate west is Genshagen and the Brandenburg Business Park, being developed by Cana-

da's Horsham Corporation and reportedly the largest in the new states. At latest word, 27 companies have committed themselves to Genshagen; 11 have begun building. A few kilometers to the west is Ludwigsfelde and Mercedes-Benz's major truck production facility.

Sommerfeld is at the diametrically opposite end of the Berlin Ring, in an area whose companies and communities are small and fairly unknown. But that does not mean they are not making a large-sized contribution to Brandenburg's growth.

Village revival

In late 1990, even the state's well-versed economic geographers would have had trouble finding Sommerfeld on the map, and for very good reasons. Located some 35 kilometers north of Berlin, Sommerfeld was very small — 1,000 residents — and completely undeveloped, without telephone lines, a sewage treatment system or even an adequate supply of potable water.

Four years later, Sommerfeld now has 350 more residents. It also has telephones and advanced systems supplying water, natural gas and electricity. And the nicest thing about this story is that Sommerfeld has only itself — plus a generous amount of public-sector support — to thank for the change.

Four years ago, Sommerfeld's city parents looked at the map and decided to build houses. As they had envisioned, their Wohnpark Sommerfeld residential area soon filled with migrants from Berlin or even Hamburg and Munich, many of them working in nearby Oranienburg's blossoming pharmaceuticals and environmental technology sec-

tors. A few head every morning to Leegebruch, several kilometers down the road and also not exactly a household name in Germany.

The Malaysian connection It is, however, known in Malaysia, thanks to the market successes achieved there by Aretec GmbH's cogeneration facilities, which turn waste oils into heat and electricity — on site and with virtually no emissions. With headquarters in Leegebruch, Aretec is one of a dozen thriving high-tech companies located in the Oranienburg area.

To attract Malaysians and other foreign tourists to the region, Sommerfeld's development corporation plans to build a three-star hotel on the shores of a local lake. In making this investment, the corporation is banking on some impressive fundamentals: Brandenburg's tourist trade is currently expanding at a rate of around 15 percent a year. "We want to carve out our share of the pie," says a local official.

An even more striking story of local initiative is taking place at the other end of the Berlin Ring, near Dahlewitz, where a local community — Gosen — has mustered 267 million DM in public- and private-sector money to convert a rather dubious asset (a barracks previously occupied by the Stasi, the East German secret police) into an integrated commercial, retailing and residential development. Tenants include 73 small companies, most of them recently founded by local residents.

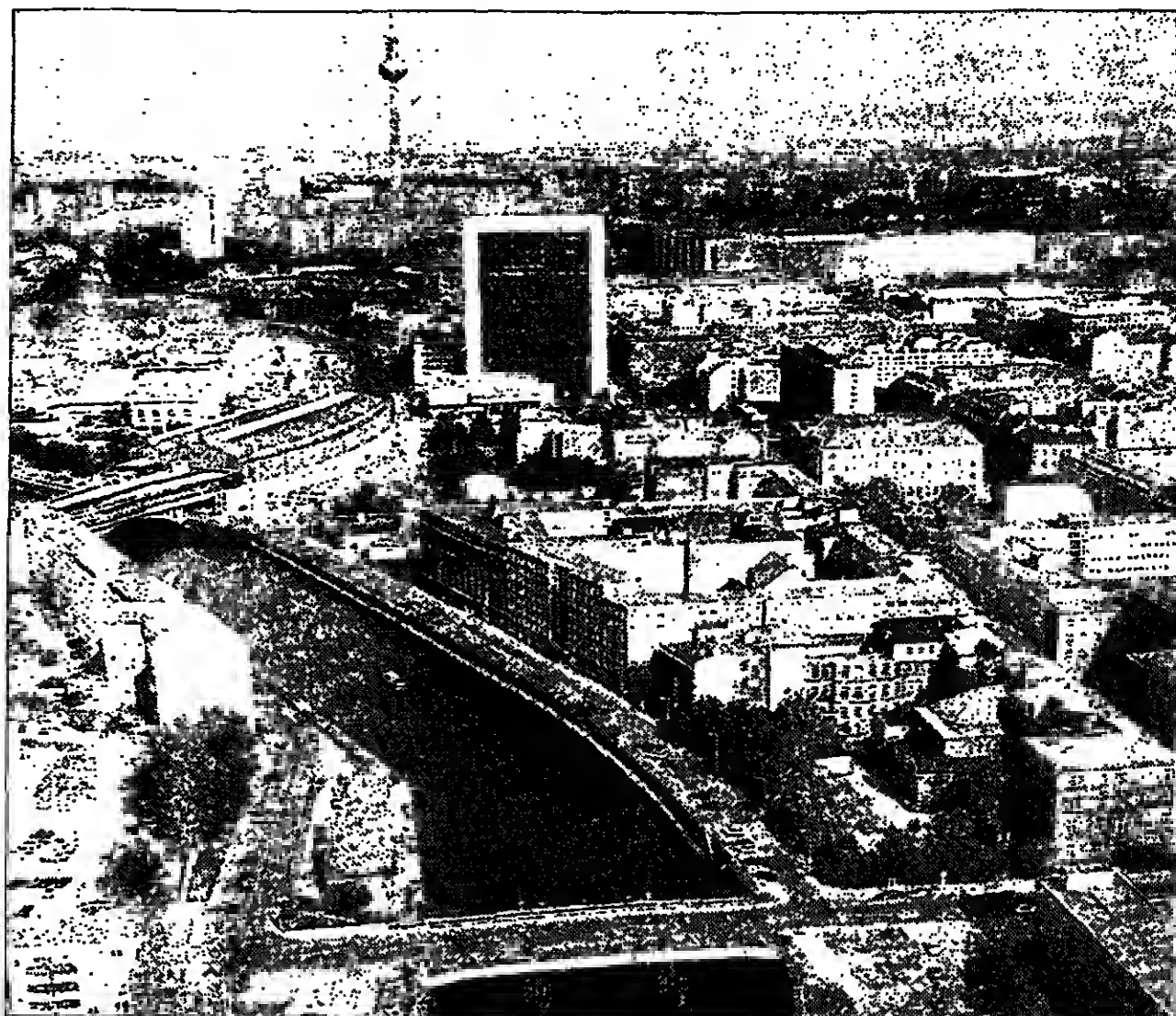
Canals, lakes and rivers Today, hundreds of thousands of Berliners know Sommerfeld, Leegebruch,

Gosen and the Berlin Ring's other small communities, and know them well. The Berlin Ring is threaded with canals leading to lakes and rivers, and "canaling" has become a big sport in Berlin. A favorite route takes boaters from western Berlin's Tegeler See via the Ruppiner canal, which passes through Oranienburg, to the Ruppiner See and its nearby town of Neuruppin, a masterpiece of 18th-century neoclassic city planning. The town is similar to Bath in its sweep of greenery and mansions.

Cycling and hiking are favorite things to do in the Berlin Ring's 12 nature preserves. One of them starts immediately to the east of Oranienburg and includes the town of Wandlitz. Until four years ago, no one with a status lower than East German Politburo members or their servants and security people set foot in Wandlitz's compound of unassuming cottages, which was where Honecker, Mielke and other East German potentates lived.

Going to Wandlitz for a day of remembering or simple gloating has recently become a lot easier. As part of the upgrading of greater Berlin's mass-transit system (already the most used in Germany), the S-Bahn regional railroad was extended to Oranienburg. Also being improved is E 251, the main road leading from Berlin to Oranienburg.

After Oranienburg, E 251 turns into a tourist attraction in its own right. A double row of magnificent trees flanks the road well into Mecklenburg-Western Pomerania, earning E 251 a place on a list of Germany's most beautiful tree-lined byways.



Development isn't limited to Berlin's bustling center, but has now spread outward to more rural areas.

HEADING DOWNTOWN ON ROUTE ONE

The road from Potsdam and the Prussian past to modernity, Mitte and madcap cabaret.

Sometimes it is easiest to get a sense of changes taking place by being in motion, in this case by traveling from Potsdam to Berlin.

This was the Main Street of the Prussian Empire, and it still bears the number of its former status — Route One. It was given its present path in the early 19th century, linking Prussia's recently acquired holdings in the very western part of Germany with the Mark Brandenburg and Berlin. Prussia's engineers built the road straight — and methodically.

Route One still starts in Aachen, heading east through 650 kilometers (400 miles) of the north German plain before reaching Potsdam, from which it heads northeast toward Berlin. A well-trodden path In the early 19th century, a cavalcade of hastening messengers, trudging aristocrats and sweating craftsmen traversed Route One's 15 kilometers between Potsdam and Berlin. The road was a private road, with access restricted to the owners and servants of the palaces and administration buildings clustered around Berlin's Spreeinsel. For much of its history, Route One was a private road, with access restricted to the owners and servants of the palaces dotting its path, including Babelsberg and Glienicke (two places and a prefabricated ruin), all designed by Karl Friedrich Schinkel, that seminal figure

of 19th-century German architecture.

Today, a daily influx of often-frustrated commuters makes its way from Potsdam and its suburbs down Route One, which bears no fewer than seven different names before arriving at Berlin's Potsdamer Platz. Along the way, the 150-year-old trees of Berlin's Botanical Gardens and of such comfortable neighborhoods as Lichterfelde, Steglitz and Schoeneberg give way to skyscrapers, then building cranes.

The heart of Berlin Many of them are clustered in Potsdamer Platz and the surrounding area, currently "Europe's largest construction site," according to Der Spiegel. The massive 8 billion Deutsche marks (\$5 billion) worth of work being carried out there, however, is less than a seventh of the current volume of construction activity in Berlin, and it is only one of 250 such projects.

After Potsdamer Platz, Route One — now the Leipziger Strasse — traverses the city's Mitte district, its historic downtown. If the span of Route One epitomizes the continuum of Berlin and Brandenburg's past, Mitte symbolizes the rapid changes taking place in its present.

On the Leipziger Strasse's south side are the main of-

fice buildings of the Treuhandschaft. For the last four and a half years, the Treuhand has presided over a radical, often painful transformation of the economy of Germany's new states. Now, the economy's privatization is largely completed, and the Treuhand is handing its work over to successor agencies.

The investment flow

The Leipziger Strasse has received its fair share of the 12 billion DM in outside private-sector investment flowing into Eastern Berlin over the last four and a half years. The street is lined with symbols of a prospering private sector: newly built or refurbished hotels, casinos and restaurants. Many of their patrons come from eastern Berlin, where incomes have risen 120 percent over the past four years — to only 6 percent less than the Western average.

Today's Route One leaves Mitte and heads east. Along the way, it picks up a fair share of hikers and picnickers heading towards the Märkische Schweiz (Switzerland) nature preserve, an enchanting region of lakes and craggy bluffs (hence its name). As it approaches the Polish border, some 60 kilometers from downtown Berlin, Ladass, Polski Flats and heavily laden trucks predominate.

The original Route One

took a different course at the Leipziger Strasse, heading northeast to the heart of Prussian power and possessions. For a century the staples of guidebooks on European cultural and intellectual life, Prussia's high points are virtually all still there: the Humboldt University, State Opera, Spree island and its world-class museums. Missing for the last five decades has been the Stadtschloss (downtown palace), blown up by the Soviet Army in the postwar period. Contemporary visitors did get a chance to see the palace, or at least a very lifelike mock-up of it, last summer.

More than a cabaret

The elements of contemporary cultural life in Mitte are only listed in very up-to-date guidebooks and weekly magazines covering culture and nightlife in Berlin. Eight of Europe's most free-wheeling cabarets, a variety house, four classic and four "Off" theaters, three cinema revival houses, three music and program clubs and 45 art galleries are located within the district's 10.7 square kilometers.

In turn, Mitte is just one of greater Berlin's centers of culture. Others are Kreuzberg, Charlottenburg and Schoeneberg (in the west) and Prenzlauer Berg and Pankow (in the east), plus Potsdam and Cottbus a bit farther afield.

Monorail and Airport in the Works

It may sound like a pipe dream, but a motorist stuck in a traffic jam caused by one of Berlin's 650 road construction sites, but it will soon take only an hour to travel the 230 kilometers (143 miles) between Berlin and Hamburg.

Making this fact possible will be the Transrapid, the magnetic levitation monorail scheduled to start service in 2005.

The company planning the 8-billion Deutsche mark (\$5 billion) project was founded in October 1990, participating in the consortium Deutsche Bahn AG, the federally owned rail company, and various industrial and construction heavyweights.

It took six months, 20,000 man-hours of work at Brandenburg's environmental ministry and the compiling of 700 maps, but the site evaluation procedure for the proposed Berlin-Brandenburg airport has been completed.



From Berlin to Hamburg in an hour, by 2005.

South of Berlin, at being the best, where from 30 million to 60 million marks for the construction of an airport, a year, with two airports that is expected to be completed.

FOR BUSINESSES, BERLIN HAS NEW MAGNETISM

Besides big international corporations, Berlin is attracting thousands of brand-new companies.

Recent arrivals in Berlin have included the entire headquarters of IBM Germany and that of Italian pharmaceuticals producer Menarini. Siemens has relocated its transport technology's directorate to the city. The Frankfurt-based Kreditanstalt für Wiederaufbau, Germany's powerful economic development bank, has set up an office in Berlin.

Daimler-Benz, Sony, ABB and Samsung lead the city's "100 Millinn Club" — international companies investing 100 million Deutsche marks (\$63 million) or more in Berlin over the last four years. The DIHT (Deutsche Industrie und Handels Tag) is just one of 80 trade and professional associations in the process of setting up shop in the city. "It was not a lack of success that led to a reformulating of our business development operations," explains Norbert Meisner, Berlin's senator (minister) for economic affairs and technology. "The city has been very successful in attracting new investment. It's been even more successful in taking on new roles — and these have

mandated the reformulating."

The corporate nursery

In no city in Europe — and in few regions — have so many companies been founded over the last four years as in Berlin. Now home to 70,000 "youngsters" (the net figure after allowing for insolvencies), the city is now being described as a "gigantic corporate nursery," in the playful words of a local businessperson.

These companies generally started out their corporate lives with a stock of highly innovative products and services. To develop — and stay alive — most have needed, at one time or another, infusions of either capital or professional counsel. Providing just that are 30 institutions — banks, venture capital funds, technology transfer agencies, trade advisory centers and more. Their ranks include the BBB Bürgschaftsbank zu Berlin-Brandenburg GmbH, a public-private venture supplying loan sureties to companies in both states.

Berlin's Innovationsfonds (innovation fund) furnishes equity capital in young high-

tech companies. Serving the same target group is the "state program for the support of technology." This support takes the form of transfers of personnel and expertise.

Double-digit growth

Thanks in part to the efforts of these organizations, the output of Berlin's young companies is currently growing at a double-digit rate. Some 120,000 jobs have been created by these companies over the last four years. This increase in companies and production has meant considerable work for the BAO Berlin Marketing Service GmbH, a longtime source of support for Berlin's companies. Owned by the city's chamber of commerce and trade associations, BAO supplies counsel and services forming the link between local businesses and the national and international public and private sectors.

Berlin has a new role in the eyes of the international business community, according to Mr. Meisner: "The city has gone from being the 'easternmost outpost of the Free World' to 'the

site for the 21st century in Europe." With this alteration of perception has come a drastic upgrading in the sophistication of investor requests and needs.

In the old, preunification days, companies setting up shop in West Berlin generally required only a single production facility or a single suite of offices. Since 1991, major companies' needs have been changing.

Wirtschaftsförderung Berlin GmbH (WFB) has been meeting the post-1990 generation of investors' needs for comprehensive packages of facilities and sites. This "one-stop" source of business development information and services has been in business since 1976. The agency's capital is held by both the city of Berlin and banking institutions.

Facilitating business

In 1993, according to the agency's figures, WFB's efforts resulted in the successful conclusion of 112 investments yielding more than 1 billion DM in capital allocations in the city and the creation of 6,662 jobs.

In figures detailing the stepped-up pace of invest-

ment in the city, Wirtschaftsförderung Berlin is currently facilitating some 230 projects with a total volume of 3 billion DM that will create some 15,000 jobs.

Commitment and pride Berlin now boasts a growing business community, a long-term sense of belonging and a new instrument to make use of both. "A deep bond was forged between the city and its business community in the past," says Mr. Meisner. "In searching for ways to attract further investment to the city, we came up with the idea of making full use of our companies' sense of commitment to and pride in their community."

On Oct. 7, Partner für Berlin Gesellschaft für Hauptstadtmarketing launched its operations. This "public-private partnership" taps corporate funds and other resources to proclaim the advantages of doing business in Berlin.

Much of the city's future business will be centered on one of the elements of the new organization's name. Hauptstadt is German for "capital city."

Domespace and Christo

Germany's Environmental Prize may be the most prestigious in its sector in the world. At 1 million Deutsche marks (\$636,000), it is definitely the best-endowed one. One of its 1994 winners is Martin Merck, who built

live materials and technologies to reduce energy and building costs. One key development is the use of a grid embedded in the house's plot as a source of heating via a heat pump.

Nineteen ninety-five

of people to the city. The wrapped Reichstag can be viewed from June 23 to July 6. It took the Bulgarian-born artist and his wife Jeanne-Claude 22 years of ceaseless lobbying to gain permission for the project.



Wrapping the Reichstag.

his "domespace" house in the small Brandenburgian town of Walkow. Local inhabitants refer to it as the "mushroom" or "spaceship." What is novel about the house is not necessarily its look, but rather its use of inexpen-

sis yet to start, but the year's touristic high point is already known. Berlin Tourismus Marketing GmbH (BTM), the city's tourism authority, expects the wrapping of the Reichstag by Christo to attract hundreds of thou-

sands of the artists' own pockets.

BTM is calling Christo to work "a major financial factor for the city's tourism industry." For incoming tourists, take heed and look early.

GERMANY: BERLIN AND BRANDENBURG

THE HISTORIC CONFLUENCE OF THE HAVEL AND THE SPREE

A journey down the region's rivers is a journey back through time.

The Spree is not exactly the Mississippi, nor the Havel the Missouri. Their confluence in Western Berlin's Spandau district is not crowned with a golden arch à la St. Louis, or by an imposing statue as at the junction of the Rhine and Main, but rather by a jumble of barge docks and bridges.

It is to this confluence, nevertheless, that Berlin owes its existence. Sometime after A.D. 800, Spandau began serving as a river port. It thrived in this role, attracting settlers to the region. A bit more than four and a half centuries later, Berlin was founded.

Links to the Baltic

For 500 years, the rivers were the fledgling city's main source of raw materials and main link to the outside world. Over the centuries, a series of canals was built, shortening and improving the city's links to the Elbe and the Oder, and through them to the North and Baltic Seas. 160 kilometers (100 miles) away as the crow flies.

The canals are still there, and the Havel and the Spree are still prime transport arteries. The largest of the 104 harbors and docking areas in the city is the Westhafen, which has a throughput of 1.3 million tons of freight a year. Today, however, pleasure craft predominate among the traffic making its way on the 163 kilometers of "federal water highways" in the city. These craft are making their way outward to the Grosser Plessower, Rietzer, Grosser Wusterwitz and hundreds of other lakes in Brandenburg.

On the rivers' banks is a stream of weekend warriors and peace-seekers heading toward their recently acquired or restituted dachas and farmhouses in Ketzin, Prötze and Lehmin.

"We call it the Friday afternoon exodus," says Christoph Westecker, television executive and longtime resident of Western Berlin, "because around 4 P.M. on any Friday afternoon, all of Berlin — or so it seems — is migrating to Brandenburg."

The river of time

With every kilometer the migrants progress down the Havel, the countryside and the communities they pass through get older.

Heading southwest, the Havel starts its post-confluence life as a lake. For four post-World War II decades, the Wannsee was West Berlin's inland sea, its place for a Sunday sail and a summertime swim — for those willing to brave the water quality. The lake is bordered on the west by the relatively rural community of Gatow-Kladow, and on the east by the Grunewald. Beyond the park's

green expanses are the mansions and gardens of Zehlendorf and Wannsee, areas settled at the height of the German Empire's affluence and disproving the perception that Berlin is largely urban and congested.

Through a variety of lakes and canals, the Havel makes a sharp turn to the west in Potsdam, once the residence of the Prussian monarchs, today the capital of the state of Brandenburg. As it enters the city, the river is diverted into the ponds and brooks running through Sanssouci, Charlottenhof and the other 18th- and early-19th-century royal seats and gardens.

The meandering Havel

"An indecisive river," is how Theodor Fontane described the Havel. He may have had the river's 25 kilometers from Potsdam to Brandenburg in mind. In its meanderings and ramblings, the Havel has created a landscape of marshes and islands and lakes. Growing in the fertile riverside soil are long ranks of fruit trees and vegetables. Collectively, the area is known simply as the Havelland.

The region to which the city of Brandenburg gave its name has had a tumultuous career. It was successively "Germany's sandy Siberia," a poor but aspiring duchy and then the core of the aggressive, self-aggrandizing kingdom of Prussia. Its name then disappeared from the map for half a century, only to become, recently, that of the largest in area of Germany's new states.

Historic Brandenburg

The city of Brandenburg had a much quieter time, spending the last millennium evolving and growing at a relaxed pace, with the notable exceptions of the depredations caused by war. The oldest community in its region, Brandenburg was founded in 928. The buildings forming its historic core date from the 12th to the 18th century. Today, Brandenburg is a town of 95,000.

Here the Havel slips and slides its way to another change in direction. After a succession of half-turns, the river finally veers northward toward its junction with the Elbe. The turn keeps the river largely within the state. Along the way, the Havel passes through pine woods and sparse grasslands showing the region's characteristic sandy soil.

Only 100 kilometers as the crow flies from downtown Berlin, this is the Brandenburg of before — before the Industrial Revolution, before the Hohenzollerns, before the Christianizing kings from the West.



ON THE UP AND UP IN VIBRANT BERLIN

The numbers are eloquent; the city is continuing to set new records in all sorts of fields.

Thanks to the recent findings of a school of business administration at Eastern Berlin's Humboldt University and of a Berufsakademie and a Fachhochschule für Technik und Wirtschaft (post-secondary institutes of professional and technical studies), Berlin's universities and comparable bodies of education started out the 1993-94 school year with an enrollment of 150,000, up nearly 3 percent over the previous year's record. In keeping with Berlin's old-new role as Germany's "international city," some 11 percent of these students are from outside Germany — about the same as the proportion of non-Germans to the city's entire population.

With the founding of an air transport exhibition hall, the number of museums in Berlin recently reached 167. Among them are the world-famous Gemäldegalerie in Dahlem and the Pergamon museum in Eastern Berlin.

At latest count, Berlin also had over 50 stages, three operas, 352 galleries, nine symphonies, 881 choirs and 131 movie theaters. Some 45,000 people are employed in the city's cultural sector.

And more are coming. Retaining its perennial lock on this category, Berlin once more welcomed more non-German travelers in 1993 than any other German city. There is no shortage of accommodations for them, or for the hundreds of thou-

sands of participants and visitors to the city's trade fairs and congresses. After an extensive period of construction, Berlin now has 475 hotels and pensions with a total of 44,000 beds, well ahead of runner-up Munich. Another 108 hotels with 4,500 beds will be completed over the next two years.

A new record was also set in the financial sector in 1993. Boosted by an influx from Western Germany, the number of banks and related institutes reached 147, with a third of those under non-German ownership.

It is a postwar record: some 3.45 million people live in Berlin. That's 48,000 more than at the time of the fall of the Wall, and an amazing 244,000 more than 10 years ago.

Nowadays, most cities are glad to have two major daily newspapers. Berlin has 11, giving the city a breadth of opinion and coverage reminiscent of New York in the 1920s.

In 1993, Messe Berlin (the local trade-fair authority) set new records for exhibitors and space rented, and nearly beat the previous year's number of for visitors. In view of its ongoing business expansion, it is not surprising that Messe Berlin is undertaking a major expansion of facilities.

By 1997, and after 2 billion Deutsche marks (\$1.27 billion) in investment, the modernized trade-fair grounds will have 56 percent more space.



With a population density of only 90 people per square kilometer, the state of Brandenburg still has plenty of wide-open spaces (top) as well as uncrowded attractions (above).



Berlin's 50 stages offer a wide range of venues for dance as well as for theater and concerts.

The Uses of the Military Past

Forty-nine and a half years after they came, the Allies left, bequeathing 585 sites covering some 11,500 hectares in Berlin to the German federal government. Scheduled for construction on a number of these sites are the buildings housing the Berlin-bound federal ministries. The federal government has already sold (at reduced or nominal rates) or given properties covering 86 hectares to the city of Berlin. One of them, the former Prussian parliament building, now houses the city's house of assembly. Another is being developed into one of the city's largest industry and technology parks.



Berlin's internationalism extends to its university system, where 11 percent of students are from outside Germany.

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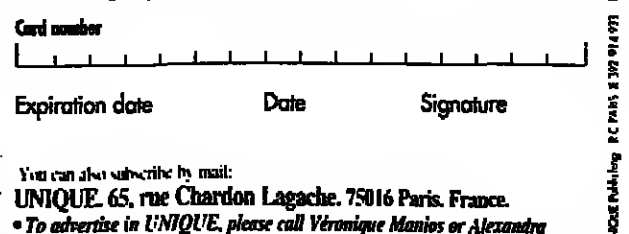
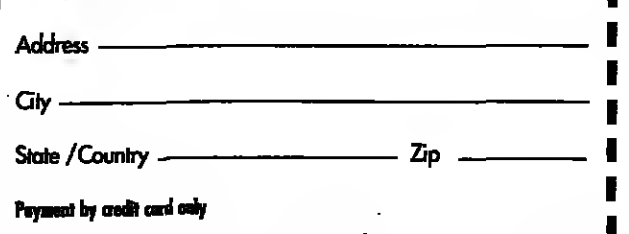
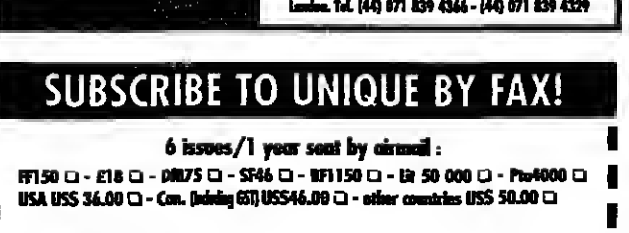
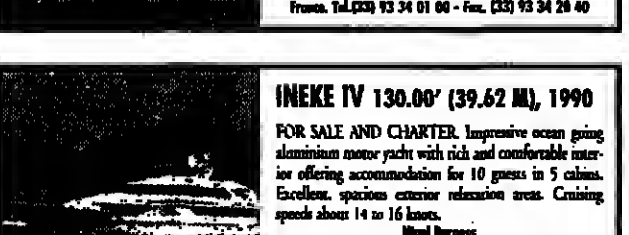
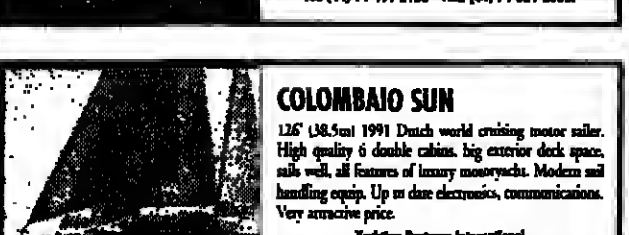
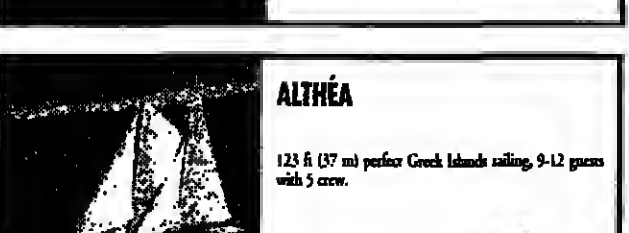
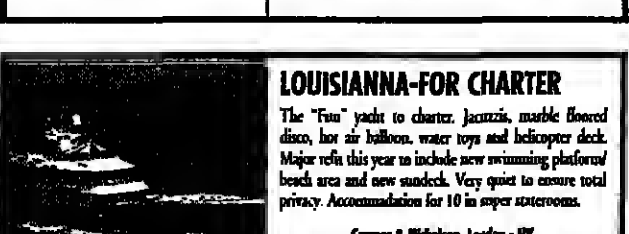
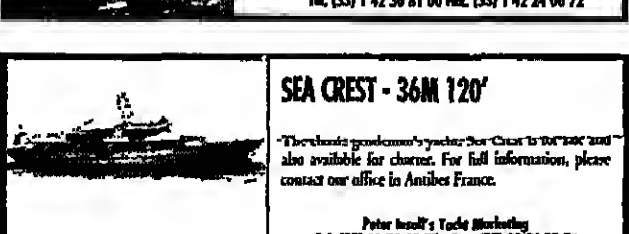
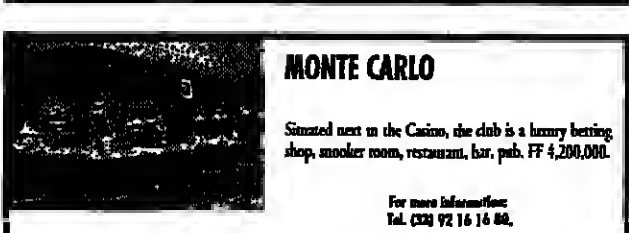
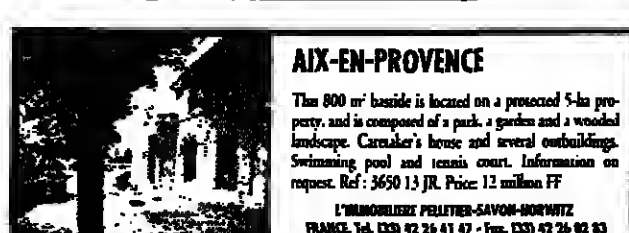
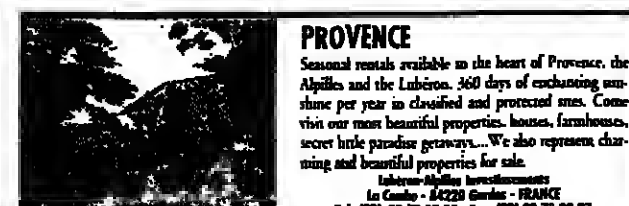
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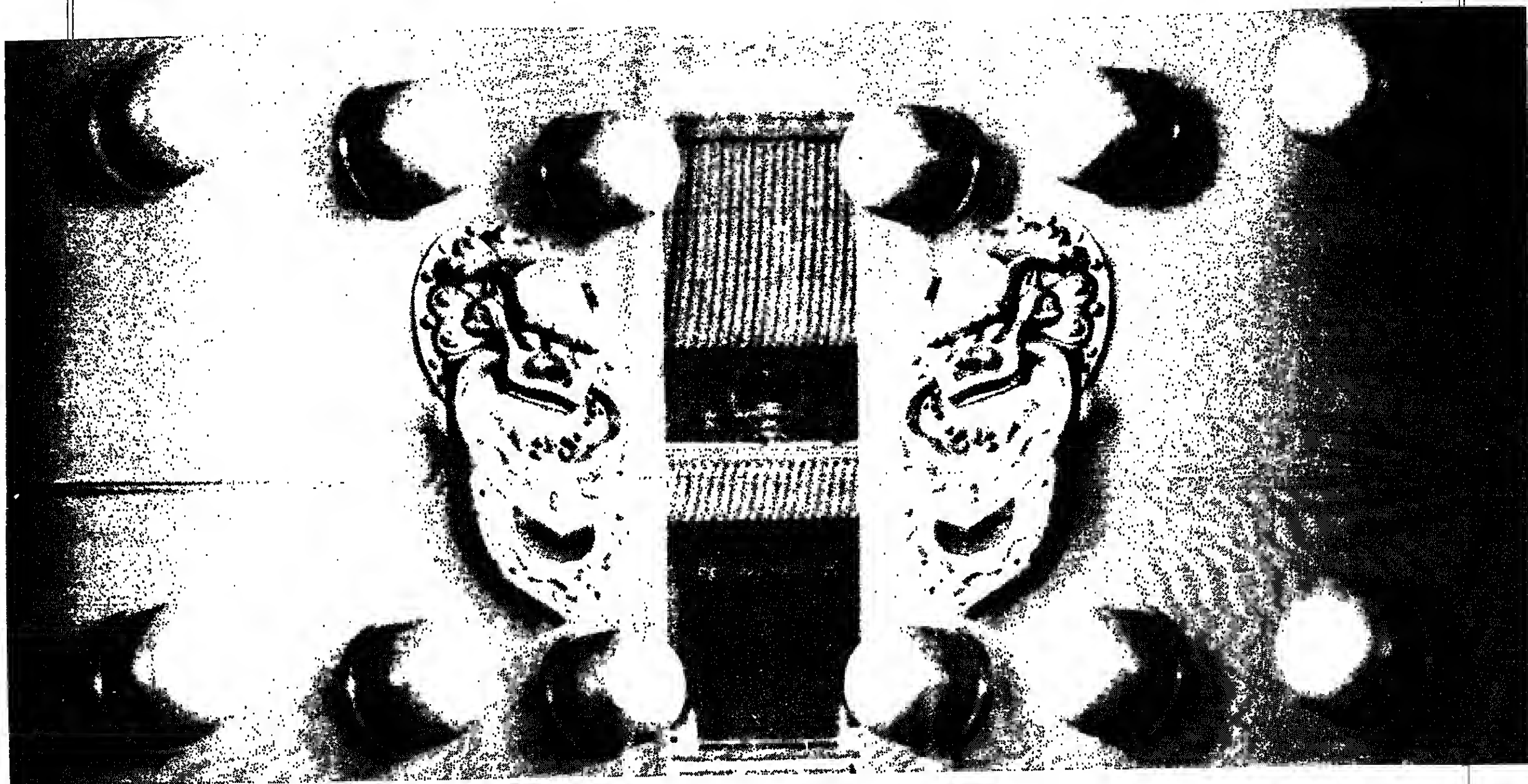
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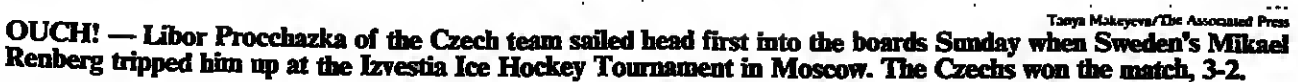
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19/12/94

صكنا من الامل

Albania Gives Germany a Tussle, 2-1

Macedonia 3, Cyprus 0: Bosko Djurovski scored all three goals, in 15th, 26th and 90th minutes, as the home team won a Group 2 match.



Australians Win Ruling On America's Cup Yachts

Meanwhile, Challenge d'Antibes de France announced its withdrawal from the competition. The syndicate reportedly faced serious financial difficulties. France America, under the leadership of Marc Pajot, is now the only challenger from France. Its yacht, was damaged during a fall Dec. 7, is scheduled to be back on the water Dec. 28.



Albert Tomba: "The problem is going up and down."

Von Grünigen Wins Race, Injured Rib Stops Tomba

"The big lead in the first leg let me relax during the second and that helped," Von Gräni-

minutes, pulling up from 11th on the first leg.

Sunday's victory lifted Schneider to second place overall with 357 points.

Schneider Triumphs In Slalom Under Lights

minutes, pulling up from 11th on the first leg.

Sunday's victory lifted Schneider to second place overall with 357 points.

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Consolidated trading
ended Friday, Dec. 16.
(Continued)

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MONDAY SPORTS

Baseball Negotiations to Be Resumed Monday

Compiled by Our Staff From Dispatches

NEW YORK — Negotiations for major league baseball's striking players and club owners are to resume talks Monday in Washington, taking another swing at the opportunity they might have missed last week.

But just three days will be left before the owners' new deadline of midnight Thursday for imposing a salary cap, and the head of the union, Donald Fehr, has sent the players a memo warning them not to expect a quick settlement.

"While it is a positive sign that the owners want to continue talking, it will not be easy to reach an agreement," Fehr said in the memo to players and agents. "If there is no breakthrough, we expect the owners to impose the cap on the 23d."

"We do not agree that the negotiations are at impasse, or that the owners can legally impose the cap. Accordingly, we are prepared to contest the owners' right to impose the salary cap system should they actually implement."

A management lawyer, speaking on condition he not be identified, had said earlier that the owners' negotiating committee had recommended pushing the deadline back to Dec. 22 on the advice of the federal mediator, William J. Usery.

The lawyer said there were conversations among Usery and lawyers for both sides after negotiations broke off Wednesday afternoon in Rye Brook, New York, and the telephone talks that led to the owners' decision.

According to participants in Thursday's meeting in Chicago, several owners still argued for immediate implementation. Three spoke against the move and voted against the resolution that gave the executive council the power to impose the salary cap.

The New York Mets' president, Fred Wilpon, brought along Lewis Kaden, a partner in the New York law firm of Davis Polk & Wardwell, who

spoke about the risks of implementing the cap and reminded the owners that they could lose before a judge or jury and be forced to pay tens of millions of dollars in damages.

The Baltimore Orioles' owner, Peter Angelos, in a short speech on why he was against the move, criticized management's last luxury tax proposal, which he said was so complicated that he thought some on his own side didn't understand it.

The Toronto Blue Jays' president, Paul Beeston, looking ahead to the possibility of replacement players, said it would be "crazy" to have his team play all its games on the road. Ontario law prohibits using replacement workers during a strike.

The Los Angeles Dodgers' owner, Peter O'Malley, according to one participant, asked many questions during the meeting and expressed some reservations before voting with the majority.

The New York Yankees' owner,

George Steinbrenner, who did not attend the meeting, was said by one friend to be livid over the owners' tax proposal of last Sunday. That plan would reward what a management lawyer, Rob Manfred, called "compliant" teams rather than small-market clubs.

In their agreement to restart talks, the players and owners also agreed on pushing back three dates in the offseason calendar that owners say are forcing their decision. The deadline to offer salary arbitration to a club's former free agents — 73 players are in this group — was reset to Dec. 23. It already had been pushed back from Dec. 7 to Dec. 17.

The deadline for players to accept or reject the offers, which previously had been pushed back four days to Dec. 23, was moved to Dec. 30. The date for clubs to offer 1995 contracts to unsigned players was moved back to Dec. 23 to Dec. 23. (WP, NYT, AP)

NHL Continues Low-Level Talks

The Associated Press

TORONTO — The stretch run in the National Hockey League's labor talks began Saturday with five hours of low-level negotiations in Toronto.

Neither side would divulge information about the session, attended by two representatives each.

There were no plans to meet Sunday, said Cliff Fletcher, president and general manager of the Toronto Maple Leafs who was at the meeting.

"When the next meeting will be held depends on what Gary Bettman and Bob Goodenow decide," said Fletcher, speaking of the NHL's commissioner and the head of the union. "Both sides will have to take stock and then I assume they will then decide when the next meeting will be held."

The meeting was the fourth in four days since the low-level negotiations began Wednesday.

SIDELINES

English Golfer Davies Sets Record

GOLD COAST, Australia — Laura Davies of England birdied four of the final six holes Sunday to win the Alpine Australian Ladies Masters golf championship, setting a record in the process. Her eighth tournament victory of the year made the powerful 31-year-old the first professional golfer, male or female, to win on five different tours in one calendar year. She triumphed three times in the United States, twice in Europe, once in Japan and once in Thailand on the Asian Tour.

Ernie Els won the Johnnie Walker World Championship in Montego Bay, Jamaica, by six shots over Mark McCumber and Nick Faldo. Ian Woosnam, Brad Faxon, and Paul Azinger — who shot a course-record 62 on Saturday — were another shot back. Els closed with a 72, McCumber and Faldo with 67s, Woosnam and Azinger with 68s and Faxon with a 64.

Lara Dismissed by Woman Bowler

SYDNEY (AP) — Brian Lara, who earlier this year broke the world record for the highest Test innings, was Sunday dismissed by a woman bowler during a charity match played at the Sydney Cricket Ground.

Lara was caught behind by wicketkeeper Steve Rixon off the bowling of Australian international Zoe Goss for 23. Goss finished with figures of 2-60 from 10 overs as the Bradman XI scored a one-run victory over a World XI. Goss, who also scored 29 runs when she batted, said: "I was humbled and honored just to be here. It was a great experience."

Colleague Says Ma May Have Cancer

BEIJING (Reuters) — China's running coach, Ma Junren, has a severely swollen thyroid gland and doctors fear he may have some form of throat cancer, although further tests are required, a colleague said.

"Ma has had this thyroid problem for five or six years but recently it has become much more serious," the colleague said Saturday by telephone from Ma's former office in Shenyang in northeastern Liaoning province.

He said that Ma's thyroid gland was extremely swollen, but that Ma had not had time to seek proper treatment because he was attending his ailing father.

For the Record

Michael Schmacher, the Grand Prix champion, also won the Elf Master Karting Indoor title in Paris; Alain Prost finished third, behind Emmanuel Collard of France. (IHT)

Orestes Estrade, the Florida Marlins' former first baseman who has rejoined the Seibu Lions, has been given a \$3.7 million contract for next season, a record for Japan, the Kyodo News Service reported. (AP)

SCOREBOARD

NBA Standings

EASTERN CONFERENCE			
Atlantic Division			
Team	W	L	Pct
Orlando	17	5	.773
New York	10	12	.455
Boston	10	13	.435
New Jersey	9	13	.409
Philadelphia	11	10	.524
Washington	8	12	.400
Atlanta	4	14	.286

Central Division			
Team	W	L	Pct
Indiana	14	6	.700
Cleveland	14	8	.636
Charlotte	12	10	.545
Chicago	9	12	.429
Detroit	9	12	.429
Albany	7	14	.333

WESTERN CONFERENCE			
Midwest Division			
Team	W	L	Pct
Utah	12	8	.600
Houston	12	8	.600
Dallas	11	8	.579
Denver	11	9	.550
San Antonio	5	17	.294

Pacific Division			
Team	W	L	Pct
Phoenix	17	5	.773
Seattle	14	7	.667
Lakers	13	8	.619
Portland	11	10	.524
Sacramento	11	10	.524
Golden State	8	14	.364
LA Clippers	3	19	.136

FRIDAY'S RESULTS			
Team	W	L	Pct
Cleveland	22	20	.524
Philadelphia	17	16	.515

SATURDAY'S RESULTS			
Team	W	L	Pct
Orlando	27	24	.529
Philadelphia	21	24	.467
Atlanta	21	24	.467
Washington	21	24	.467
Charlotte	21	24	.467
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MONDAY SPORTS

Patriots Cloud Bills' Playoff Picture, as San Diego Downs Jets for Berth

The Associated Press

This year, elimination was all but assured a month early for the Buffalo Bills.

The New England Patriots scored 38 unanswered points Sunday, taking advantage of four straight Buffalo turnovers for a 41-17 victory in Orchard Park, New York, that put them on the brink of the playoffs and virtually ended the Bills' four-year reign as American Football Conference champions.

Without help from five other

teams, the Bills (7-8) will miss the playoffs for the first time since 1987. With a victory Saturday against Chicago, New Eng-

NFL ROUNDUP

land (9-6) would make the playoffs for the first time since 1986. After losing 17 of their first 25 games under coach Bill Parcells, the Patriots have won six straight for their first winning season since 1988.

Frank Reich, starting in

place of the injured Jim Kelly, had never lost in six starts for Buffalo. He finished this game 19-of-29 for 207 yards, with one touchdown and two interceptions. Thurman Thomas, who missed practice all week with a hyperextended knee, gained 70 yards in the first half but only 7 in the second.

Drew Bledsoe was 22-of-31 for 276 yards and three touchdowns for the Patriots.

Bears 27, Rams 13: In Chicago, the Bears moved closer to the

playoffs, beating Los Angeles with a solid running game and a steady defense. Then they waited for help. Because Green Bay also won, the Bears still needed two things to happen to qualify this week: Philadelphia had to lose or tie with the New York Giants, and Arizona had to lose or tie with Cincinnati.

The Bears stopped the Rams' rushing game, allowing only 37 yards. Jerome Bettis, who needed 30 yards to reach 1,000, was held to 7 yards on eight carries.

Chargers 21, Jets 6: In East Rutherford, New Jersey, San Diego sputtered into the playoffs by taking advantage of the New York Jets' stagnated offense to give them their second AFC West title in three years.

The Chargers (10-5) had plenty of defense and three touchdowns passes by Steve Humphries to hand the Jets (6-9) their fourth successive defeat and officially eliminate them from playoff consideration.

The game turned when line-backer Junior Seau knocked out the Jets' quarterback Boomer Esiason with a shot to the head in the second period. Esiason stayed on the ground for several moments, then headed to the locker room with a concussion.

No penalty was called on the play and the Jets got a field goal on the next snap for a 6-0 lead. But perhaps inspired by Seau's hit, the Chargers came alive offensively for TD drives of 64 and 65 yards.

Humphries was 19-for-26 for 280 yards and three scores. Esiason completed his first five passes, but the Jets could manage only a 3-0 lead through one quarter. Nick Lowery made field goals of 38 and 30 yards.

Packers 21, Falcons 17: The Green Bay Packers bid farewell to Milwaukee after 61 seasons and Brett Favre's fantastic finish kept them from also kissing their playoff hopes good-bye. Favre scrambled for a 9-yard touchdown with 14 seconds to lift the Packers over Atlanta.

The Packers (8-7) have played a portion of their home schedule in Milwaukee since 1933, but in a revenue-generating move, they decided to play all their home games in Green Bay beginning next year.

The Packers can get into the playoffs with a victory next



Barry Sanders left the Vikings' Todd Scott behind on one of his two touchdown runs.

week at Tampa Bay and some help from other teams.

Green Bay fullback Edgar Bennett caught eight passes for 101 yards and rushed 13 times for 46 more.

Bobby Hebert entered the game on the Falcons' second

series after linebacker Bryce Paup blindsided quarterback Jeff George, breaking the little finger on his left hand. Hebert completed 20-of-41 passes for 221 yards.

Buccaneers 17, Redskins 14: Washington wound up winless at home for the first time in franchise history, losing to Tampa Bay on Ernie Rhee's 3-yard touchdown run with seven minutes left.

The Buccaneers (6-9) won their fourth straight game, their longest winning streak since starting out 5-0 in 1978.

For the eighth time this season, Washington lost a game in which it led in the second half. Tampa Bay got the winning touchdown after Vernon Turner returned a punt 37 yards and Craig Erickson threw a 13-yard pass to Scott Armstrong.

Erickson finished 19-of-34 for 267 yards and two interceptions. Rhee ran 23 times for 64 yards and two touchdowns.

The Redskins' quarterback Heath Shuler finished 17-of-35 for 201 yards and two touchdowns.

The Redskins did not score in the second half.

In games played Saturday: Lions 41, Vikings 19: There was no catching Barry Sanders and no keeping up with Detroit, as both started fast and finished in a blur, leaving Minnesota wheezing in their wake.

In the third quarter, Sanders broke a touchdown run of 18 and 64 yards and finished with 110 rushing yards.

Mal Gray returned a kickoff 98 yards for a touchdown. Dave Krieg, who is 5-1 as the starting quarterback, passed for 160 yards and two touchdowns for the Lions.

The Lions improved their record to 9-6 with one game left, on Christmas Day at Miami.

Minnesota slipped to 9-6 with one game to play, against streaking San Francisco.

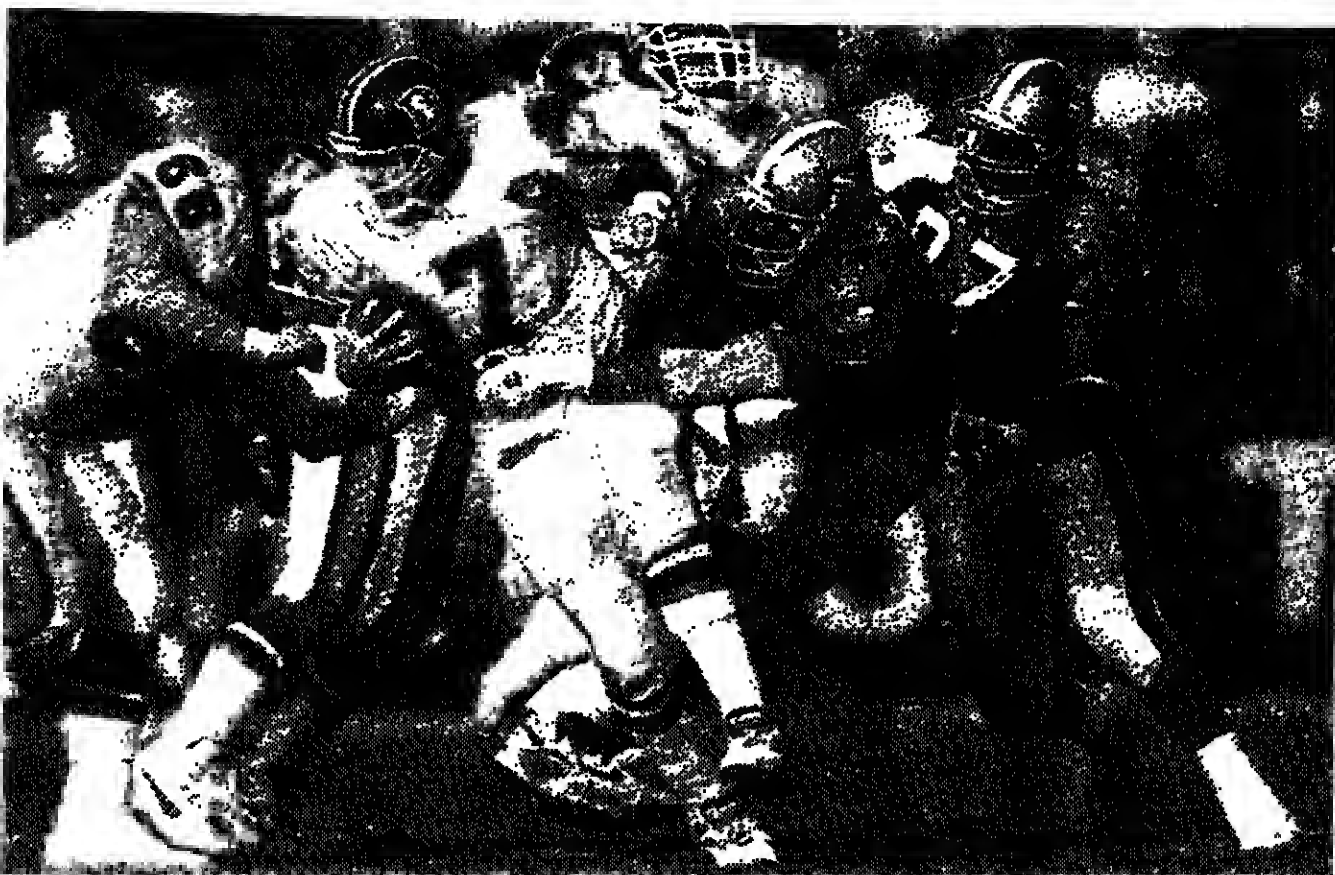
There is big concern over the status of the Vikings' quarterback Warren Moon, who left with 7 minutes 33 seconds to play after he was hit while in the pocket. Moon's left knee was twisted and there is concern that there is ligament damage.

49ers 42, Broncos 19: San Francisco's victory over Denver not only guaranteed home-field advantage for the playoffs, but it legitimized quarterback Steve Young — on paper. Young tossed his 32nd, 33rd, and 34th touchdown passes of the season, surpassed Joe Montana's franchise record of 31 in 1987. Young was 20 of 29 for 350 yards.

The 49ers almost reached their scoring average of 32.7 points a game by halftime. Their first two touchdowns came 22 seconds apart and the score was 28-6 by intermission.

Defensive tackle Reth Hall body-slammed John Elway from the game in the third quarter forcing Denver to replace him with backup Hugh Miller, who lit a match under the Broncos, putting together a streak of 20 consecutive completions and two touchdown drives — one after a 76-yard pass to wide receiver Anthony Miller.

Bot Young wasn't finished. After throwing touchdown passes to Ricky Watters and Jerry Rice and getting two scores on running plays from William Floyd, he delivered the second touchdown pass to Watters, for 65 yards, and the last touchdown.



Denver quarterback John Elway was besieged all game, with the 49ers' Dennis Brown and Bryant Young getting this sack.

Indiana's Defense Stymies No. 3 Kansas, 80-61

The Associated Press

The Indiana Hoosiers, often on the defensive, are learning to win that way, too.

Brian Evans scored 29 points and Alan Henderson added 22 Saturday as the Hoosiers beat No. 3 Kansas, 80-61, in Bloomington, Indiana, to extend the nation's longest college basketball home winning streak to 47 games.

"As we grow as a team, we're learning how to execute the things we practice and carry them over into the game a little better," Henderson said.

"Definitely defense is the key. We know we don't have the kind of team that can just go out there and out-shoot somebody night in and night out. So we know that defense is where we're going to win games."

The Jayhawks (5-1) went seven minutes without a point as the Hoosiers (5-4) went on a 15-0 run and stretched the lead to 39-19 with just over two minutes left in the first half. Two free throws by Jacques Vaughn snapped the Kansas drought, but Evans countered with a 3-point basket. Then, after baskets by Greg Ostertag and B.J. Williams, 3-pointers by Evans and freshman Neil Reed gave the Hoosiers a 48-25 halftime lead and Kansas never recovered.

Evans and Henderson, dominating the boards, grabbed 12 rebounds apiece and the Hoosiers outboarded Kansas, 57-40.

The Jayhawks, shooting 53 percent from the field for the season, managed only 26 percent in the first half and 36 percent for the game.

"Indiana kicked our tails every way it can get kicked," said Kansas' coach, Roy Williams.

Haase led the Jayhawks with 16 points, while Williams added 11 and Raef LaFrentz 10. Reed added 14 points for the Hoosiers.

No. 1 North Carolina 129, VMI 89: In Chapel Hill, North Carolina, Dante Calabria hit six 3-pointers in the first half and North Carolina tied a school record for most points in a game. The Tar Heels defeated the Keydets 129-89.

COLLEGE HIGHLIGHTS

Heels showed no ill effects from a nine-day layoff, sinking 31 of 41 shots in the first 20 minutes and blocking 10 shots while building a 77-42 lead at intermission. Jerry Stackhouse led the Tar Heels with 22 points, and Jeff McInnis added 20. Lawrence Gullette led VMI with 22.

No. 2 UCLA 92, LSU 72: In Baton Rouge, Louisiana, Ed O'Bannon scored 28 points and his brother, Charles, had 17 to lead UCLA to victory. UCLA wore LSU down in the second half and opened a lead of 28 points, 83-55, late in the game. LSU, which made just 5 of 13 3-pointers and only 5 of 16 free throws, was led by Ronnie Henderson with 22 points.

No. 5 Massachusetts 91, Western Kentucky 72: In Amherst, Massachusetts, Mike Williams had 21 points, four rebounds and three assists in his first start of the season and led Massachusetts to its fourth straight victory. Dana Dingle and Donta Bright each added 14 points for the Minutemen, who led, 50-39, at the half and then went on a 22-7 run starting with 10:32 left to finish off the Hilltoppers.

No. 6 Kentucky 83, Texas Tech 68: In Cincinnati, Rodrick Rhodes kept Kentucky close with 13 first-half points until the Wildcats wore down Texas Tech and

pulled away in the second half. Rhodes, who had been averaging just over 12 points a game, finished with 23 for Kentucky. Tony Delk, who was instrumental in the go-ahead rally, finished with 14 points.

No. 7 Arizona 75, Texas-El Paso 61: In El Paso, Texas, Damon Stoudamire scored 24 points, including two 3-pointers in the second half that broke open a close game, as Arizona won its seventh in a row. UTEP held a 30-28 lead at the close the first half, but Stoudamire hit a 3-pointer with 12:16 remaining to give the Wildcats a 43-42 advantage and began a 15-4 run that put the Wildcats up 55-46. They coasted from there.

No. 8 Florida 71, Florida State 65: In Orlando, Florida, Dan Cross put Florida ahead for good with a pair of free throws, and Dametri Hill added two more with 16:3 seconds left in the second overtime as the Gators held on. Hill finished with 21 points, while Cross had 17 for Florida. James Collins led Florida State with 18 points, but teammate Bob Sura was held to 11 on 2-for-18 shooting before fouling out in the second overtime.

California 82, No. 11 Minnesota 75: In Oakland, California, Monty Buckley scored 21 points and Tremaine Fowlkes added 16 off the bench as California remained unbeaten by upsetting Minnesota, which took its second straight loss, after a 6-0 start. The Golden Gophers were coming off a 91-38 overtime loss to Cincinnati earlier this week. Townsend Orr, who had two points at halftime, led Minnesota with 21 points.

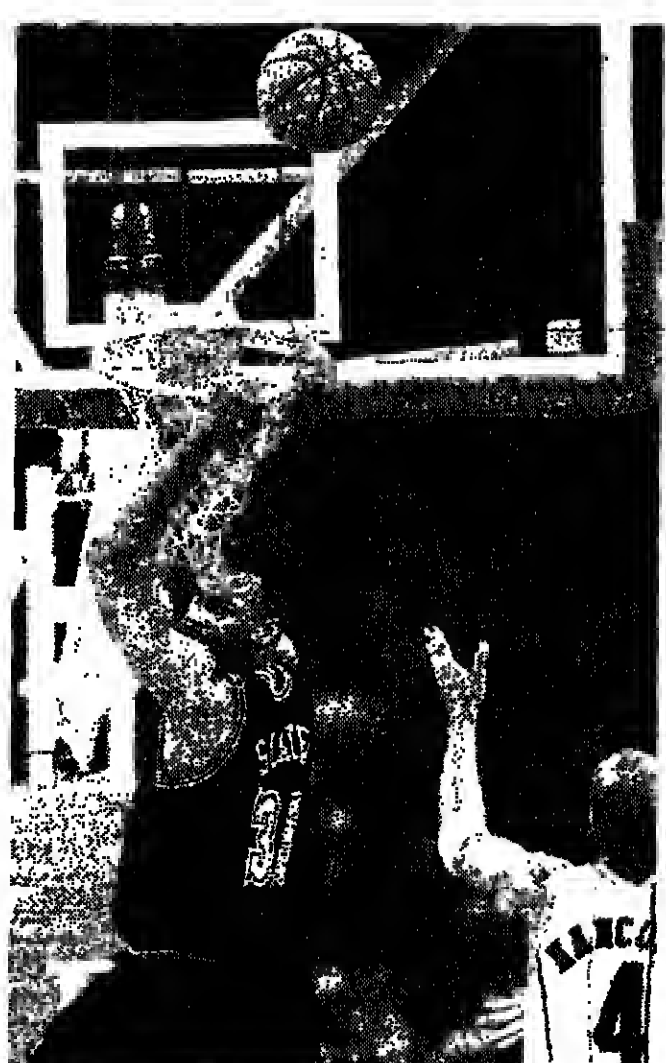
Louisville 77, No. 14 Georgia Tech 72: In Atlanta, Alvin Sims scored seven of his 14 points in the final 4:28, including

an alley-oop slam at the buzzer, as Louisville upset Georgia Tech. Sims' late flurry came after Tech had cut a 51-32 deficit with 16:12 remaining to 65-64. It was the third victory in a row for the Cardinals. Samaki Walker led Louisville with 16 points and Deluan Wheat added 15. Drew Barry led Tech with 18.

No. 16 Syracuse 67, Princeton 65: In Syracuse, New York, Otis Hill's first points of the game gave Syracuse the lead in overtime, and the Orangemen opened a nine-point lead before holding on to win by two points. Syracuse had only four field goals in the second half but sank 16 of 21 free throws to stave off the upset-minded Tigers.

No. 17 Cincinnati 81, Wyoming 80: In Laramie, Wyoming, LaZelle Durden scored 45 points, including 10 in the final 89 seconds and three free throws after the final buzzer, as Cincinnati came back to beat Wyoming. Wyoming led the whole game, but blew a nine-point lead in the final 90 seconds when Cincinnati's full-court press started to work. Durden missed a 20-foot jumper at the buzzer, but he was fouled by LaDrell Whitehead and made all three shots to win it for the Bearcats.

Xavier, Ohio 90, No. 19 Ohio U. 71: In Cincinnati, Michael Hawkins scored a career-high 26 points, and Xavier held Gary Trent to 17 points, his lowest total of the season, by switching defenses on almost every possession and double- and triple-teaming him. Hawkins' 3-point jumper from the top of the key with 8:21 left in the game started a five-minute, 16-0 blitz that wiped out the only second-half lead for Ohio and put Xavier ahead, 79-64.



Denver's Reggie Slater hangs onto rim, wondering where his shot, blocked by Charlotte's Alonzo Mourning, landed.

Denver's Reggie Slater hangs onto rim, wondering where his shot, blocked by Charlotte's Alonzo Mourning, landed.

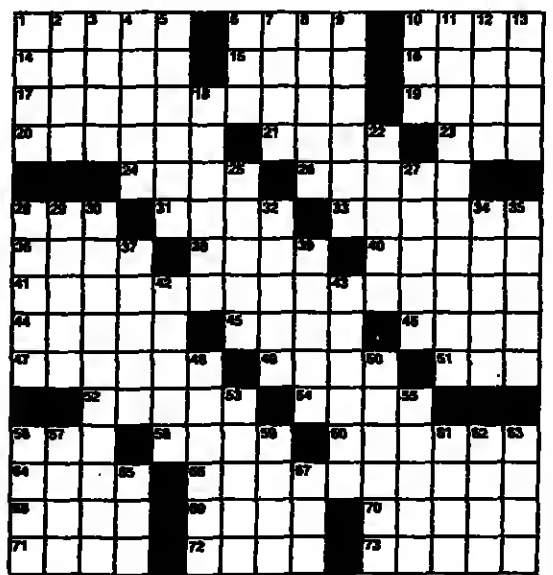
CROSSWORD

ACROSS

- 1 Came up
- 6 Good farm soil
- 10 Son of Seth
- 14 1981 John Lennon hit
- 15 Formerly
- 16 Songbird
- 17 "Blithe Spirit" playwright

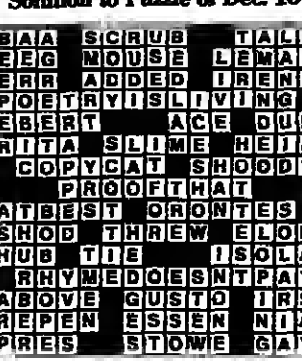
DOWN

- 1 Bristles
- 2 Cheer (for)
- 3 Hebrew dry measure
- 4 City of witch hunts
- 5 Pitch tents
- 6 Temperature extreme
- 7 — even keel
- 8 Lots of lots
- 9 Military awards
- 10 Antlered animal
- 11 Not much time
- 12 Pitcher
- 13 Calendar à la Variety
- 14 Eggs-and-cheese dish
- 15 Aquarium fish
- 16 1965 march site
- 17 Lawn mower brand
- 18 Agreements
- 19 Miss Barrymore
- 20 Like a downpour
- 21 Astronaut
- 22 Shepherd et al.
- 23 Upper — (now Burkina Faso)
- 24 TV newsmen
- 25 David
- 26 State of India
- 27 Lilies
- 28 Minolta, e.g.
- 29 Isolate
- 30 Cut
- 31 Serbs and Croats
- 32 Round of cheers
- 33 Neither check nor charge
- 34 Singer Guthrie
- 35 Make stockings
- 36 Far East weight
- 37 Polity, to Tom
- 38 Fast planes
- 39 1948 song
- 40 "Once in Love With"
- 41 Come out even



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Solution to Puzzle of Dec. 16



With Payton Pointing Way, Sonics Post 40-Point Victory Over Magic

The Associated Press

Gary Payton showed the Orlando Magic and Shaquille O'Neal that a point guard can dominate a game.

Payton scored 31 points in 31 minutes, had seven assists and a season-high seven steals and didn't even play the fourth quarter Saturday night as the Seattle SuperSonics romped to a 124-84 victory over Orlando in Tacoma, Washington.

"It was by far our best game of the season," said the Sonics' coach, George Karl. "Gary was fantastic. I don't know if I've ever seen him play better." Payton scored 24 points on 9-for-10 shooting in the first half, which ended with the Sonics leading by 61-34.

The Magic appeared a step slow from the start. Even Anfernee Hardaway, the Orlando point guard who had a career-high 38 points the previous night, was no match for Payton.

Timberwolves 96, Bulls 87: In Landover, Maryland, Doug West scored a game-high 25 points as Minnesota beat Washington to extend the Bulls' losing streak to five games. Isaiah Rider added 19 points and Christian Laettner had 22 for Minnesota.

Heat 96, Hawks 85: In Miami, Kevin Willis had 24 points and 11 rebounds in his first

game against his former team as Miami beat Atlanta. Willis spent the first nine years of his NBA career in Atlanta. Craig Ehlo led Atlanta with 14 points. Kevin Gamble added 18 for Miami.

Pistons 97, 76ers 92: In Philadelphia, Terry Mills scored 32

NBA ROUNDUP

points and Joe Dumars added 22, as Detroit broke a five-game losing streak by beating Philadelphia. Philadelphia connected on 10 of 23 3-pointers and Detroit hit 8 of 14.

Hornets 111, Nuggets 92: In Charlotte, North Carolina, Hersey Hawkins scored a season-high 28 points to lead all Charlotte's starters in double figures as the Hornets beat Denver. Hawkins hit on 12 of 18 shots against Denver. Alonzo Mourning scored 21 points. Reserve Mahmoud Abdul-Rauf, with 15 points, led five Nuggets in double figures.

Suns 109, Kings 98: In Phoenix, Arizona, Charles Barkley hit season highs with 27 points and 14 rebounds as Phoenix beat Sacramento for the franchise's record 22nd consecutive home victory. Danny Manning added 22 for the Suns. Walt Williams and Mitch Richmond each had 20 to lead Sacramento.

Mavericks 106, Clippers 87: In Anaheim, California, Jim Jackson scored 16 of his 31 points in the third quarter, and Jamal Mashburn added 28 as Dallas ended their 11-game losing streak against Los Angeles. Roy Tarpley had 21 points and a season-high 16 rebounds in 31 minutes off the bench.

Jazz 97, Bulls 89: In Chicago, Karl Malone had 30 points and 14 rebounds and John Stockton added 15 assists against Chicago as Utah pulled away late for its seventh consecutive road victory. Toni Kukoc scored 19 points and Scottie Pippen 17 for Chicago.

Celtics 112, Rockets 109: In Houston, Dominique Wilkins scored 43 points, including five of six 3-pointers, as Boston downed Houston. Dee Brown's 3-pointer with 35 seconds left gave Boston a 108-105 lead. Brown, who finished with 16 points, then added three free throws and Wilkins sank another with 5.4 seconds left. Kenny Smith missed a 3-pointer for Houston as time ran out.

Spurs 116, Lakers 102: In San Antonio, Texas, Dennis Rodman scored 14 points and had a game-high 19 rebounds, helping San Antonio beat Los Angeles. San Antonio's David Robinson led all scorers with 32 points and had 17 rebounds.

Joining Pad

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LANGUAGE

Metaphors and Other Gifts of Gab

By William Safire

WASHINGTON — The best writers know how hard it is to make writing look easy. That's a flat sentence; no color in it. Alexander Pope, in his "Essay on Criticism," breathed life into the thought by using a terpsichorean metaphor:

*True ease in writing comes from art,
Not chance,
As those move easiest who have learn'd
To dance.*

I found that mental picture in the new Metaphors Dictionary (Elyse Sommer and Dorrie Weiss, eds.; Gale Research, \$65). The price is steep because the subject seems too narrow for a wide audience, but the book rates a recommendation to lovers of language, which Robert Louis Stevenson called "but a poor bull's-eye lantern wherewith to show off the vast cathedral of the world." (And what ever happened to wherewith? Beats with which.)

Been a fine year for slang research. Paul Dickson's "War Slang: American Fighting Words and Phrases From the Civil War to the Gulf War" (Pocket Books, \$25) is a dictionary Henry Shrapnel would have enjoyed. Chu-hoi is a Vietnamese word for "surrender" that was used often by GIs (that's rooted in "government issue") in Iraq, showing how slang travels; in the Cold War, a sought-after substance or desirable piece of hardware that could not be procured was called *unobtainium*.

Getting a Gypsy tummy? That is the Egyptian equivalent of Mexico's "Montezuma's Revenge" and is nearly the last item in the first volume (A-C) of the Random House Historical Dictionary of American Slang, Jonathan Lighter, ed. (\$50), but it runs a thousand big pages, with only a dozen devoted to the F-word. This is the major work of lexicography published this year, on the scholarly level of the HDAS is a kind of underdog of the OED; indeed, on a word like *double-cross*, its first citation is from 1826, written as *double X*, and beats the Oxford by eight years. (That shows original research; for first use, most of us just crib from the OED.)

"How Does Olive Oil Lose Its Virginity?" (Quill, \$8.95 paper) is the questioning title of Bruce Tindall and Mark Watson's entertaining educational series of essays on "the enigmatic questions of contemporary life." I have dealt with the mystery of extra-virginity in this space (you slowly grind the olives at room temperature), but the authors break new linguistic ground with "Why is there a sperm whale but no ovum whale?" as well as "Why aren't there any Grade B eggs?"

While we await Robert Burchfield's updating of Fowler's "Modern English Usage," the competition to the University of Chicago's Manual of Style will be The New York Public Library Writer's Guide to Style and Usage (Andrea J. Sutcliffe, ed.; HarperCollins, \$35). I never met a Library Writer, but this book is most helpful on punctuation, abbreviation and the arcane of desk-top publishing, and it gutsily takes positions.

"The preferred term to describe a person in a homosexual relationship," the NYPLWGSU opines, "is *companion*, not *lover* or *partner*, both of which have other connotations." (I'd use *each* instead of *both*, which implies the two together.) However, animal rights activists prefer *companion animal* to *pet*, and "long-term nurse" is another sense of *companion*; for "person of the same sex sharing a life," I prefer *partner*, but that's what makes usage horse races. The library's stylebook is worth buying, even though it permits the interchangeable use of *each other* and *one another*, which I think confuses "between two" and "among three or more."

Turned on by net stockings? The Macmillan Visual Dictionary, Multilingual Edition (\$60), it seems you have to be rich to be literate, is a Duden-style lexicon that puts a big picture of an airport on a page and then names everything from the hangar to the place you go when they lose your luggage. It's especially useful in English, Spanish, French, and German (in which a net stocking is a *medias de malla*, *bas resille* or a *Netzstrumpf*).

Of course, the best way to learn to write, or to appreciate the power of language, is by reading good writing by the Old Pros. "The Alterite" and other stories by John Updike (Knopf, \$24) is an example of "true ease in writing" as described by Pope. The historian Daniel J. Boorstin's essays, "Cleopatra's Nose" (Random House, \$23) — especially his disquisition on the White House — deal unexpectedly with the unexpected. And Herman Wouk's novel "The Glory" (Little, Brown, \$24.95) uses fiction to accurately portray the Yom Kippur War in a way no military historian can match.

To conclude in a blaze of metaphor, these writers know, in Winston Churchill's words: "Writing a book is an adventure. To begin with, it is a toy and an amusement; then it becomes a mistress, and then it becomes a master, and then a tyrant. The last phase is that just as you are about to be reconciled to your servitude, you kill the monster, and fling him out to the public."

Catch what they're flinging. Give the gift of gab this Christmas. Lasts longer than a *Netzstrumpf*.

New York Times Service

By Clyde H. Farnsworth

New York Times Service

TORONTO — When American invaders crossed the Niagara frontier during the War of 1812, they came upon the family farm of one of the forebears of the author Robertson Davies and were astonished to find angry youths shooting at them from the farmhouse windows.

"They thought we'd be delighted to lay down the hateful British yoke, but they didn't think they were bringing another kind of yoke with them," said the man some consider to be Canada's greatest living writer.

Four of his ancestors fell in that engagement, the Battle of Stony Creek, and he is proud that it helped to turn the tide against the invaders.

That Canadians are distinct from Americans is a subtheme of his novels, the most famous of which are the Deptford trilogy, "Fifth Business," "The Manticore" and "World of Wonders."

In the 11th and latest novel, "The Cunning Man," the aging hero — not unlike his 81-year-old creator — rues the withering of Canada's British connection and the growth of the American connection "under the caress of the iron hand and buckskin glove."

Greg Gatenby, the literary scholar who directs the Harbourfront International Reading Series in Toronto, said that "in anyone's delineation of the pantheon of Canadian writers, Davies holds a place close to Zeus."

With his magnificent snowy beard, great white mane and protuberant brow, Davies has a magisterial look as well. He talked about his views of Canadian nationality at his office at Massey College, the University of Toronto's graduate college, where he is the founding master.

Davies, who was born in Ontario, said the biggest difference between Canada and the United States is in their underlying myths.

"The myth of America is a very powerful one and one that we in Canada look toward with envy," he said. "You have your heroes. You have your great men of the past, you have your myth of tradition, of the conquering of the west, and the pioneer life and the gold rush life and all that sort of thing, which is enormously



Robertson Davies says Canadians "don't go for heroes."

romantic, and nations feed on the romantic tradition.

"We don't go for heroes. As soon as a man begins to achieve some sort of high stature, we want to cut him down and get rid of him, embarrass him."

He also sees Canada as "very much a northern country, much more like Scandinavia or Russia than the United States." Moreover, he said, "Canada is a socialist monarchy. You have monarchies and socialism, and we're both."

Davies is just as eager to see Canada hold together as he is to avoid an American yoke. "The present hullabaloo about Quebec is precisely that," he said. "It will not die down, but it will not come to anything."

He contends that economic considerations will keep Quebec in the fold.

"What happens to the thousands of French Canadian civil servants who are no longer on the public payroll?" he said. "They're suddenly going to be without a job, and certainly the new Quebec wouldn't be able to provide them with comparable income. And what would Quebec do with its share of the national debt? They wouldn't want to shoulder it."

He also expects pressure from the United States. "I don't imagine for one instant that the United States wants a balkanized Canada to the north," he said. The United States says officially that it supports a strong and united Canada.

Quebec separatism is Canada's civil war, Davies said, but unlike the American Civil War, he predicted, it will not become violent. "Our civil war is a psychological one," he said. "It's a tough kind of war to fight because it's very wearing. There is never any letup. There is never any cease-fire. There is never any stopping to celebrate Christmas."

His comments about French Canadians underscore the observation of Richard Davis, professor of Canadian literature at the University of Calgary, that Davies "comes from a traditional male, English-Canadian base."

The French are "always complaining," Davies contended. "They have never got over the defeat on the Plains of Abraham," the battle in 1759 that established British rule in Canada.

"They're terribly unrealistic about this sort of thing, but they are also very shrewd and very practical. They know the dollar better than they know their mothers, and if they think that is threatened by leaving the dominion, they will stay."

Davies' reflections on politics come from a certain academic distance. His cozy office is dominated by a large writing desk, bookcases and portraits of Shakespeare, Rabelais, Robert Burton — whose "Anatomy of Melancholy" provides inspiration for the latest novel — and John Cowper Powys, the 19th-century novelist whom Davies called "a great, great, undervalued man."

Davies is now working on an article for the Dictionary of National Biography on a 19th-century English actor, Henry Irving. But his main creative work is done on his 150-acre estate in the hills of Caledon East, about an hour from central Toronto, where he lives with his wife, Brenda.

He taught literature at the university for 21 years and still confers with students, including many, he volunteers, who ask whether getting a job on a newspaper would harm their writing style.

A former editor of The Peterborough Examiner, as well as an actor and playwright, he tells them that journalism "teaches you to write more concisely and to get busy and write when you must, instead of just sitting around waiting for the inspiration, which isn't going to come."

WEATHER

Europe	Today	High	Low	Tomorrow	High	Low
Algeria	15-20	74-84	64-74	14-20	73-84	64-74
Amsterdam	7-14	45-57	34-45	6-14	44-57	34-45
Athens	11-22	52-72	42-52	10-22	51-72	42-52
Berlin	14-22	57-72	47-57	13-22	56-72	47-57
Bombay	24-30	75-86	65-75	23-30	74-86	65-75
Buenos Aires	10-20	50-68	40-50	9-20	49-68	40-50
Calcutta	24-30	75-86	65-75	23-30	74-86	65-75
Cairo	18-28	64-82	54-64	17-28	63-82	54-64
Cardiff	8-14	47-57	37-47	7-14	46-57	37-47
Chennai	24-30	75-86	65-75	23-30	74-86	65-75
Copenhagen	8-14	47-57	37-47	7-14	46-57	37-47
Dublin	8-14	47-57	37-47	7-14	46-57	37-47
Edinburgh	8-14	47-57	37-47	7-14	46-57	37-47
Geneva	8-14	47-57	37-47	7-14	46-57	37-47
Hamburg	8-14	47-57	37-47	7-14	46-57	37-47
Helsinki	8-14	47-57	37-47	7-14	46-57	37-47
Istanbul	18-28	64-82	54-64	17-28	63-82	54-64
London	8-14	47-57	37-47	7-14	46-57	37-47
Los Angeles	18-28	64-82	54-64	17-28	63-82	54-64
Madrid	18-28	64-82	54-64	17-28	63-82	54-64
Moscow	8-14	47-57	37-47	7-14	46-57	37-47
Munich	8-14	47-57	37-47	7-14	46-57	37-47
Nice	18-28	64-82	54-64	17-28	63-82	54-64
Oslo	8-14	47-57	37-47	7-14	46-57	37-47
Paris	18-28	64-82	54-64	17-28	63-82	54-64
Perth	18-28	64-82	54-64	17-28	63-82	54-64
Rome	18-28	64-82	54-64	17-28	63-82	54-64
Stockholm	8-14	47-57	37-47	7-14	46-57	37-47
Toronto	8-14	47-57	37-47	7-14	46-57	37-47
Washington	8-14	47-57	37-47	7-14	46-57	37-47
Zurich	8-14	47-57	37-47	7-14	46-57	37-47

Forecast for Tuesday through Thursday, as provided by Accu-Weather.



North America
Sunshine will be the rule from Boston to Washington, D.C. Tuesday, then Wednesday will be partly sunny, and a storm is possible later in the week. Detroit and Chicago will be much milder than normal for the second part of December. Flights will seek Vancouver and Seattle midweek.

Europe
Chilly winds and showers will cross Ireland, U.K. and western France to Germany Tuesday and Wednesday. One or two days of unsettled, rainy weather will open northern and western Italy to Turkey. Much of Spain and Portugal will be brisk and dry. The cold will slowly lessen in Russia.

Asia
Increasing clouds in Tokyo and Osaka Tuesday, then rain and heavy Wednesday; they could be heavy. There is a chance of snow in Seoul Tuesday followed by rain Wednesday and Thursday. Flights from Taipei to Seoul could hit Manila during the middle of the week.

Africa
Algeria: 15-20, 74-84, 64-74, 14-20, 73-84, 64-74.
Cairo: 18-28, 64-82, 54-64, 17-28, 63-82, 54-64.
Johannesburg: 18-28, 64-82, 54-64, 17-28, 63-82, 54-64.
Lagos: 18-28, 64-82, 54-64, 17-28, 63-82, 54-64.
Nairobi: 18-28, 64-82, 54-64, 17-28, 63-82, 54-64.
Tunis: 18-28, 64-82, 54-64, 17-28, 63-82, 54-64.

South America
Buenos Aires: 10-20, 50-68, 40-50, 9-20, 49-68, 40-50.
Rio de Janeiro: 10-20, 50-68, 40-50, 9-20, 49-68, 40-50.
Sao Paulo: 10-20, 50-68, 40-50, 9-20, 49-68, 40-50.
Lima: 10-20, 50-68, 40-50, 9-20, 49-68, 40-50.
Bogota: 10-20, 50-68, 40-50, 9-20, 49-68, 40-50.
Caracas: 10-20, 50-68, 40-50, 9-20, 49-68, 40-50.

Oceania
Auckland: 18-28, 64-82, 54-64, 17-28, 63-82, 54-64.
Sydney: 18-28, 64-82, 54-64, 17-28, 63-82, 54-64.

Legend: s=sunny, c=partly cloudy, cl=cloudy, sh=showers, th=thunderstorms, m=moon, g=gale force, h=high, l=low, W=weather. All maps, forecasts and data provided by Accu-Weather, Inc. © 1994

POSTCARD

In Japan, Old Tale of the 47 Assassins Enjoys New Vogue

By T. R. Reid

Washington Post Service

TOKYO — The economy is shaky, the government is shaky yet. Even the vaunted trains are running late because of technical problems. And so, as they always do in tough times, the people of Japan have turned back to one of their beloved national sagas — the tale of the 47 loyal assassins.

This epic story of a great vendetta has been booby at the box office in Japan for nearly three centuries. But this year, there is a whole new boom for the drama known here as the "Chushingura," or "The Treasure Chest of the Loyal Retainers."

In Western terms, the "Chushingura" is something like a combination of the Alamo and "Hamburger" — a dramatic historical event that was turned into a great theatrical masterpiece. In 1994, this old war-horse has been trotted out anew in the form of a best-selling novel, two movies and a series of TV dramas and documentaries.

It all stems from an actual assassination on Dec. 14, 1702. Racing barefoot, for silence, over the snow, a band of 47 samurai

broke into a Tokyo fortress to slay an evil warlord who had wronged their master two years earlier. The loyal assassins then marched through the streets bearing the head of their victim and eventually lined up, one by one, to commit hara-kiri as atonement for their act of violence.

The story is considered such a storehouse of Japanese values — long-term planning, undying loyalty to authority figures, sacrifice for the group — that all performances were banned by the U.S. occupation forces after World War II.

But you cannot keep a good tale down. In recent years, the classic eight-hour version, first performed 250 years ago, has been a staple of kabuki and bunraku puppet theaters. Book and video stores are jammed with offerings on the famous 47.

"In unstable times, people naturally want to go back to the old traditions," explained Hidekazu Aizawa, a media analyst for a large advertising firm, Dentsu. "Many Japanese love this story. And they love to see it again, because each new director adds new twists."

Of the two new movies that just opened all over Japan, "The 47 Assassins," based on a best-selling novel about the vendetta, tells the old story in straightforward terms. It features Kean Tanaka, a Bopara-like tough guy who has played the mobster with a kind heart in countless gangster films, in the role of the vendetta leader.

The other new version, "Chushingura and the Ghost of Yotsuya," combines the serious and historically accurate revenge tale with an old Japanese ghost story about a dead wife who comes back to torment the husband who murdered her.

Some analysts say this is the most interesting twist yet on the familiar old story. This modern, increasingly Westernized society is changing so fast that people no longer respond uniformly to the values upheld by the loyal 47.

"Many Japanese, probably most, still love this story," said Aizawa, the analyst with Dentsu Advertising. "But there are some now who hate it, who say that the long conspiracy and the assassination amount to a terrible waste of human life."

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		THAILAND*	000-100-0111	SLOVAKIA*	000-100-0111	UNITED STATES*	000-400-0111	SWITZERLAND*	000-400-0111	LIBYIA*	000-0110	CUBA	GUINEA-BISSAU	00-011-11
		THAILAND*	000-100-0111	SLOVAKIA*	000-100-0111	UNITED STATES*	000-400-0111	SWITZERLAND*	000-400-0111	LIBYIA*	000-0110	CUBA	GUINEA-BISSAU	00-011-11
		THAILAND*	000-100-0111	SLOVAKIA*	000-100-0111	UNITED STATES*	000-400-0111	SWITZERLAND*	000-400-0111	LIBYIA*	000-0110	CUBA	GUINEA-BISSAU	00-011-11
		THAILAND*	000-100-0111	SLOVAKIA*	000-100-0111	UNITED STATES*	000-400-0111	SWITZERLAND*	000-400-0111	LIBYIA*	000-0110	CUBA	GUINEA-BISSAU	00-011-11
		THAILAND*	000-100-0111	SLOVAKIA*	000-100-0111	UNITED STATES*	000-400-0111	SWITZERLAND*	000-400-0111	LIBYIA*	000-0110	CUBA	GUINEA-BISSAU	00-011-11
		THAILAND*	000-100-0111	SLOVAKIA*	000-100-0111	UNITED STATES*	000-400-0111	SWITZERLAND*	000-400-0111	LIBYIA*	000-0110	CUBA	GUINEA-BISSAU	00-011-11
		THAILAND*	000-100-0111	SLOVAKIA*	000-100-0111	UNITED STATES*	000-400-0111	SWITZERLAND*	000-400-0111	LIBYIA*	000-0110	CUBA	GUINEA-BISSAU	00-011-11
		THAILAND*	000-100-0111	SLOVAKIA*	000-100-0111	UNITED STATES*	000-400-0111	SWITZERLAND*	000-400-0111	LIBYIA*	000-0110	CUBA	GUINEA-BISSAU	00-011-11
		THAILAND*	000-100-0111	SLOVAKIA*	000-100-0111	UNITED STATES*	000-400-0111	SWITZERLAND*	000-400-0111	LIBYIA*	000-0110	CUBA	GUINEA-BISSAU	00-011-11
		THAILAND*	000-100-0111	SLOVAKIA*	000-100-0111	UNITED STATES*	000-400-0111	SWITZERLAND*	000-400-0111	LIBYIA*	000-0110	CUBA	GUINEA-BISSAU	00-011-11
		THAILAND*	000-100-0111	SLOVAKIA*	000-100-0111	UNITED STATES*	000-400-0111	SWITZERLAND*	000-400-0111	LIBYIA*	000-0110	CUBA	GUINEA-BISSAU	00-011-11
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		THAILAND*	000-100-0111	SLOVAKIA*	000-100-0111	UNITED STATES*	000-400-0111	SWITZERLAND*	000-400-0111	LIBYIA*	000-0			